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the harpoon
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Europe's Business Newspaper

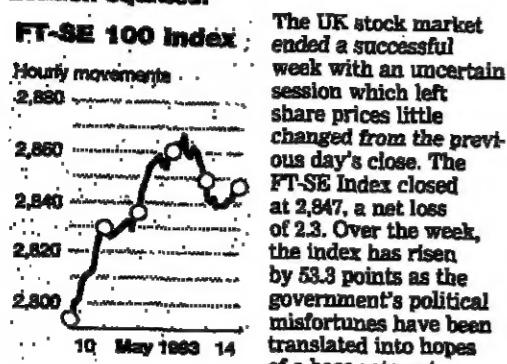
Norway to resume whaling within weeks despite ban

Norway said yesterday it would resume commercial whaling within the next few weeks in defiance of a decision by the International Whaling Commission to maintain a ban.

The UN and other nations opposed to commercial whaling had claimed victory at the IWC's annual meeting in Kyoto, Japan. But both Japan and Norway say scientific evidence supports continued whaling. Page 24; Culture clash, Page 9

French siege: A gunman was holding six children and a teacher hostage as a siege at the Commandant Charcot nursery school in the Paris suburb of Neuilly entered its second day. He is demanding a FF 100m (£12m) ransom.

London equities:



Swan Hunter: Eight hours of talks ended inconclusively over the fate of three Type 23 frigates being fitted out by Tyneside shipyard Swan Hunter when it went into receivership on Thursday. Page 7

Music industry probe: The UK music industry is to be investigated by the Monopolies and Mergers Commission after Sir Bryan Carsberg, director general of fair trading, said he was not satisfied with explanations given for the high price of compact discs. Page 24; Letters, Page 9

Escudos: The Portuguese escudo will not necessarily follow another devaluation of the Spanish peseta, Miguel Beleza, governor of the Bank of Portugal, the central bank, said. Page 2; Currencies, Page 13

Fifty killed in S Africa blast: Rescuers said 50 miners had died and three were still missing after a methane gas explosion at Middlebury coal mine at Secunda, 80 miles from Johannesburg.

Dresdner Bank: Group operating profits at Dresden Bank, Germany's second biggest bank, rose by around 15 per cent in the first four months of 1993. Wolfgang Röller, the bank's outgoing chief executive, told shareholders. Page 12

BA rights issue expected: British Airways is expected to launch a rights issue to raise up to £400m on Tuesday when it reports its financial results for the year to the end of March. Page 10

China raises interest rates: China raised interest rates on bank lending from 8.64 per cent to 9.36 per cent in an attempt to cool an overheated economy and avoid a resurgence of inflation that is threatening reform. Page 3

US output rises: US industrial production edged up 0.1 per cent last month after a pause in March, indicating the economy is moving ahead slowly, the Federal Reserve said. Page 3

Lonrho: The international trading group, said it had signed a contract to sell the Observer, Britain's oldest Sunday newspaper, for £27m to the Guardian and Manchester Evening News. Page 10

Boys plead not guilty: Two 10-year-old boys pleaded not guilty to the abduction and murder of James Bulger and the attempted abduction of another two-year-old. Mr Justice Morland said their trial would begin at Preston Crown Court on November 1.

Group 4 may get extra fees: Britain's prison service may pay extra money to Group 4, the country's first private prisoner escort service, to cover additional work not included in its original £2.5m contract.

\$29,000 - That's All Right: Elvis Presley's 1942 Martin D-18 acoustic guitar, used to record 'That's All Right' and 'Blue Moon of Kentucky', was bought for \$29,000 by a US businessman at auction at Christie's in London.

STOCK MARKET INDICES

Index	Value	Change
FT-SE 100	2947.0	+2.3
Yield	3.95	
FT-SE Banktrack 100	1148.21	+1.95
FT-SE All Share	1402.58	+0.1%
Nikkei	20474.15	+56.03
New York Stock Exchange	2460.48	+2.49
Dow Jones Ind Avg	2460.48	+2.49
S&P Composite	498.35	+0.12

US LUNCHTIME RATES

Category	Value	Change
Federal Funds	2.15%	
2-mo Treasury Bill Yld	3.00%	
Long Bond	10.2%	
Yield	5.94%	

LONDON MONEY

Category	Value	Change
3-mo Interbank	5.1%	(0.0%)
Life Intg (3m)	103.4% (Jun 1993)	
NORTH SEA OIL (Argus)	1.4505	(1.4505)
Bank 15-day (Avg)	10.80%	
Gold	64.3	
New York Comex (June)	338.3	(369.3)
London	536.70	(369.15)

NEWS: INTERNATIONAL

Spanish poll battle fuelled by peseta row

By Peter Bruce in Madrid

SPANIARDS, who woke up poorer Europeans yesterday after an 8 per cent devaluation of the peseta late on Thursday, spent much of the day glued to the radio.

They were trying to find out where the fallout would settle after "Black Thursday" – eight hours in which the peseta was devalued, interest rates fell and the government reported higher unemployment and inflation. This would be the blackest weekend for the Socialist government before the general election on June 6.

But reaction was mixed, despite the best efforts of the opposition to focus attention on the fact that the devaluation of the peseta on Thursday was the third in nearly nine months and seemed to imply a failure of government economic policy.

Mr Jordi Pujol, chief minister of Catalonia and a likely power broker in what promises to be a hung parliament after the election, only half-blamed the government. The Socialists had become "lost in a grand delirium" by trying to hold the peseta at unsustainable levels, he said, but the devaluation was good news for industry and agriculture.

That dilemma affected even the harshest critics of the government in business, which warmly welcomed the Bank of Spain's 1.5 percentage point cut in official interest rates, down to 11.5 per cent.

Mr Carlos Espinosa de los Monteros, chief of Daimler-Benz in Spain, and a possible finance minister should the conservative Partido Popular (PP) unseat the Socialists in June, said devaluation had been inevitable. But while he warned that "every devaluation should be accompanied by a package of measures" to reinforce its credibility – an impossibility until after an elec-

'Escudo will not always follow peseta'

By Peter Wise in Lisbon

THE EXCHANGE markets are wrong to think that the Spanish peseta and the Portuguese escudo are irrevocably linked, and the escudo will not necessarily follow another devaluation of the peseta, according to Mr Miguel Beleza, governor of the Bank of Portugal, the central bank.

He was speaking to the Financial Times yesterday after Portugal followed Spain's 8 per cent devaluation of the peseta with a 6.5 per cent devaluation of the escudo on Thursday.

"Our economies are naturally

very closely linked in trade and finance. However those links do not imply that we need to follow Spanish devaluations, particularly by the same amount," he said. He pointed out that of Spain's last three devaluations Portugal had only followed two, and only one by the same amount.

Mr Beleza's denial of an inevitable link between the two currencies comes in the context of political instability in Spain, where analysts predict a stable government may not emerge for some months after the general election on June 6.

The governor made it clear that Portugal would be following politi-

cal developments in Spain closely, particularly after the election. But he believed there was no reason for the perception in the exchange markets that the escudo would follow the peseta if it was devalued again during a period of political instability.

"Thursday's [Portuguese] devaluation was neither desirable nor necessary," he said. "We believe there were no fundamental competitive economic reasons for the escudo to devalue. However, given the circumstances, all alternatives, including doing nothing, were worse."

He said in the absence of the

move by the Spanish authorities, Portugal would not have acted. "I would have preferred that none of this happened."

He said the Portuguese economy was much healthier than Spain's in regard to the external balance and unemployment. Portugal would also close its inflation gap with Spain rapidly. Portugal's year-on-year inflation figure for April is expected to be just over 6 per cent, compared to 4.6 per cent in Spain.

Despite Spain's economic difficulties, Mr Beleza appeared generally surprised by the Spanish devaluation and noted that Madrid had unusually decided to act while

the markets were still open. "I certainly hope that the peseta does not need another depreciation. I believe it was too risky not to have followed Thursday's devaluation. There were alternatives but they were too costly. But my point is that we don't have to do it in general."

Meanwhile, the escudo was trading at between Es95.8 and Es96.3 to the D-Mark on Lisbon exchange markets yesterday. The currency was quoted at Es97.5 after the central bank suspended support on Thursday. Short-term interbank interest rates fell from 18 to 15 per cent.

British watch turmoil in ERM with no regrets

By Emma Tucker and Peter Marsh

SPAIN'S troubles in the European exchange rate mechanism have prompted a ripple of satisfaction among British industrialists. Seven months of lower interest rates, a competitive pound and signs of economic recovery have left the ERM with few friends in the business community.

"I'm happy that Britain got out of the ERM when it did," says Mr Bill Ebbert, chairman and managing director of the Vauxhall car group. "The devaluation has made our plants considerably more competitive. I would not jump back in again if it meant the pound moving up to some arbitrarily high level."

Nevertheless, the government, which cleverly sought the devaluation on the same day as year-on-year inflation in April was said to have risen from 4 per cent to 4.8 per cent and which used the turmoil to announce that 250,000 people had lost their jobs in the first quarter of this year, was bracing itself for a media battering over the weekend.

Mr González and his lieutenants were trying to counter accusations that they had reversed the hardline monetary policy, by arguing that the interest rate cuts would mark the beginning of a recovery for the economy, which has been in recession since late last year.

Sir Christopher Lewinton, chairman and chief executive of the TI engineering group, says it would not be in the UK's interests to go back quickly into the ERM: "We must not try to run before we can walk."

Even the Confederation of British Industry, a former ERM enthusiast, now doubts the merits of an early re-entry to the mechanism.

"I think it is fair to say that re-entry to the ERM is not our number one priority," says Mr Sudhir Junankar, head of CBI forecasts. "Our view is that we should not rejoin the ERM until certain conditions are met, namely more convergence between the economies of Europe and further German rate cuts."

The CBI's caution today compares with the enthusiasm in 1990, when Britain joined the ERM. One of the arguments used then was that a stable exchange rate would make it easier for business to plan ahead.

But companies appear relatively unconcerned by the floating exchange rate, happy to have swapped stability for lower interest rates.

"Leaving the ERM was an entirely good thing. Our distribu-

tors are now paying a lot less in D-Marks for our equipment than they were," says Mr John Stewart, financial manager of Combustion Development, which makes pollution control equipment.

Mr Michael Atkinson, finance director of Oxley, a small electronics company, says: "We haven't found the floating exchange rate a particular headache. We can take precautions by buying currencies on the forward market to cover certain large transactions."

But amid the enthusiasm for a flexible exchange rate, one or two voices stand out.

Mr Ian Gibson, managing director of the UK arm of Nissan, the Japanese car maker, says: "Business needs a stable exchange rate, but how you achieve this is up to the government and the central bank."

"We are not leaping up and down with joy about being out of the ERM," says the finance director of a scientific instruments exporter.

"There was a certain stability there. All we have had now is a short-term boost. Although rates were perhaps too high, a stable environment is obviously the best one to do busi-

ness in."

Travel agents Thomas Cook said UK bookings to Spain had been rising even before the devaluation.

Sales of summer holidays to the Balearic islands are up 18 per cent. Bookings to the Canary Islands have increased 31 per cent and those to mainland Spain have risen 7 per cent.

The company added: "The exchange rate change will result in even heavier bookings as people have that extra confidence that their pound will go further when they get there."

Ms Rosemary Astles, marketing director of Thomson, the UK's biggest travel company, said publicly given to the devaluation in the British press would also encourage bookings.

The impact of the devaluation on brochure prices should be more apparent in August when companies announce their summer 1994 programme. Ms Astles said it was too soon to say whether holiday prices would fall. This depended on the exchange rate at the end of the summer and whether Spanish accommodation owners used the devaluation to push up prices.

The devaluation of the escudo is likely to have less impact, as Portugal is a small market for UK travel companies. Mr Richard Bowden Doyle, marketing director of travel agents Lunn Poly, says Portugal is likely to be the destination of only 400,000 UK package tourists this year, compared with 2.6m to Spain.

Germany warns Croatian leader

By Robert Mauthner, Diplomatic Editor

GERMANY, Croatia's most loyal supporter in Europe, yesterday warned Croatian President Franjo Tuđman that he risked losing western support if he did nothing to prevent the Bosnian Croats from attacking Moslems in south-west Bosnia.

The warning was delivered by Mr Klaus Kinkel, the German foreign minister, when he met Mr Tuđman in Zagreb. He was speaking both for his own country and the whole EC, which this week sent a similar message to Mr Tuđman.

Mr Kinkel said the United Nations would shortly publish a report containing evidence of direct Croatian involvement in the fighting in Bosnia between Croats and Moslems, formerly allies in the struggle against the Bosnian Serbs.

After two hours of talks with Mr Tuđman, the German minister said other countries considered that Zagreb exerted



A Croat soldier guards foreign prisoners, who Croats claim are fighting for Moslems, in a Bosnian Croat stronghold

decisive influence over the Bosnian Croat militias, which are reportedly to be armed and financed from Croatia.

Though Mr Tuđman denied

that Zagreb bore any responsibility for the Bosnian Croats' acts, he told Mr Kinkel he would go to Mostar to try to persuade them to halt their attacks on Moslems.

Meanwhile, fighting between Croats and Moslems continued in Mostar despite a ceasefire, but with less intensity than

before. Spanish UN troops came under repeated fire as they tried to approach the line of confrontation between the two warring parties.

Ultranationalists quit pan-Serb parliament

By Laura Silber in Belgrade

MR Slobodan Milošević, the president of Serbia, yesterday suffered a setback when ultranationalists walked out of a pan-Serbian parliamentary session convened to persuade Bosnian Serbs to back an international peace plan.

The remaining parliamentary deputies voted to back the Vance-Owen peace plan following the walk-out by more than 100 deputies of the Serbian Radical party, until recently unofficial allies of Mr Milošević. Rebel Serbs from Bosnia and Croatia seat only observers to the extraterritorial pan-Serb parliament.

Mr Vojislav Šešelj, the extremist leader of the Radicals, dismissed as invalid the declaration adopted by the deputies from the Yugoslav, Serbian and Montenegrin parliaments.

The declaration criticised the Bosnian Serbs for ignoring interests of the people of Serbia and Montenegro. It also criticised a referendum, to be held this weekend, because Bosnian Serbs would

not be able to vote freely in the war situation.

Bosnian Serbs, meanwhile, are voting in the hastily organised referendum that is likely to confirm rejection of the international peace plan for Bosnia and the defiant stand by the leaders of their self-styled Serb state.

The referendum will take place in impoverished towns and villages, destroyed, heavily damaged or abandoned, in the self-proclaimed state of Srpska Republic, which covers about two-thirds of Bosnia. It includes the bulk of eastern Bosnia, which under the Vance-Owen plan has been designated a "Moslem province" adhering to the mostly Moslem structure of the pre-war population.

But Moslems will not be voting: most of them were expelled or killed by Serb forces last spring when they seized control of eastern Bosnia. Besieged for 13 months, Gorazde is the only remaining Moslem stronghold in eastern Bosnia.

Some 500,000 Bosnian Serbs who have sought refuge in Serbia in theory are supposed to vote, but it is unclear what arrangements have been made. Belgrade is unlikely to allow voting.

The number of voters has not been determined. There were about 1.4m Serbs in Bosnia before the war. Voting lists are impossible to regulate. On Thursday night, Mr Petar Čancar, chief of the referendum commission, admitted he did not know the number of voters and that additional consultations were needed.

The likely No vote will further deepen the split between Serbia and the Bosnian Serbs.

Under threat of military intervention and tough new sanctions, President Milošević has told Serbs they have won the war and should accept the peace plan. Confronted by another failure to subdue his disobedient creation, Mr Milošević is bound to tighten Moslem controls over the "Serbska Republika".

Leniency urged for form-filling farmers

By Andrew Hill in Brussels

THE European Commission yesterday urged national authorities not to be too strict with farmers struggling to meet the bureaucratic demands of the EC's reform of common agricultural policy.

Today is the deadline for farmers to submit new forms to national authorities if they want to claim EC funds this year. But many have com-

plained that the new system, which requires farmers to give a detailed breakdown of the area farmed and the type of agricultural activity, is too complex and that Brussels and member states should be lenient about mistakes and delays.

Mr René Steichen, the EC farm commissioner, indicated yesterday that if the Commission found that genuine errors and minor delays were wide-

spread some of the severe penalties for breaking the new rules might be relaxed. But he stressed that this was not an invitation to flout the system.

Officials indicated on Thursday that the regulations would not be taken until next month, after a Commission review of problems with implementing the CAP reform.

The National Farmers Union of England and Wales wel-

comed Mr Steichen's comments but urged farmers not to interpret the Commission statement as an excuse to delay submission of the forms.

Addressing EC farming organisations in Brussels, Mr Steichen said the Commission and member states should "show flexibility, fairness and understanding" in dealing with aid applications. But he added that the rules were necessary to prevent fraud.

"Community taxpayers are entitled to be assured that the EC spending will be spent this year to support the EC agricultural sector actually reaches its legitimate destination," he said.

• EC farm spending will rise an estimated Ecus50m (£39.5m) over the next 12 months as a result of Thursday's devaluation of the peseta and escudo, a Commission spokesman said, Reuter reports from Brussels.

of the Yes campaign that a second rejection would have strongly negative economic consequences.

Mr Klaus Willemsen-Olsen, deputy head of the Bankers' Association, said there had been a premium on Danish interest rates since the first referendum last June. He predicted a fall of 1.5 to 2 points in interest rates if there is a Yes this time.

The current key central bank money market interest rate is 8.75 per cent and the official discount rate is 9.25 per cent, about two points ahead of short-term rates in neighbouring Germany.

The Danish krona has been under sporadic pressure during the referendum campaign amid speculation that a No vote would force Denmark to seek an exchange rate adjustment within the framework of the ERM, or even to float the krona.

Mr Poul Erik Pedersen, head of the Employers' Association, said many companies had put investment plans on hold after last June's No.

Lego, the Danish toymaker, suspended a Dkr300m (£31.5m) expansion programme and has said the project will only go ahead if there is a Yes vote next week.

Mr Pedersen said a No vote would also have an adverse effect on foreign investment in Denmark. He said a report by the Keidanren, Japan's industrial federation, which for the first time commended Denmark as a potential target for Japanese investment had been withdrawn after last June's vote.

DENMARK'S business leaders, anxious to avoid a second rejection of the European Community's Maastricht treaty, said yesterday interest rates would be likely to fall significantly and investment would increase if the country votes Yes in next Tuesday's referendum.

A Gallup poll published yesterday showed the Yes camp growing slightly to 50 per cent, against 32 per cent for the No, with 13 per cent undecided and 5 per cent set to abstain.

But the mittlestand has won a partial victory. Income parity has been postponed until 1996. Wage increases will be lower than expected. IG Metall has managed to maintain the principle of collective wage bargaining, albeit with more flexibility.

As for the eastern Germans, IG Metall has proved it can organise a strike in the region for the first time in 60 years. But at the end of the day the five new states have simply been pawns in a power game played by the unions and the employers.

At a joint press conference, leaders of the Federation of Danish Industries, representing manufacturers, the Employers' Association and the Bankers' Association, emphasised a central message,

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Niederradweg 2, 6000 Frankfurt am Main, FRG. Germany. Telephone: +49 69 156 850. Fax: 4999 0000. Telex: 416192. Represented by Edward H. Hirsch, Managing Director, Printer: DVM Druck- und Verlagsgesellschaft mbH, Admiral-Rosenfeld-Strasse 30, 6078 Neu-Isenburg 4 (owned by Flügel International).

Ronald Willemsen-Olsen, Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) Ltd, London and P.T. Gazzetta Italiana, Rome, Italy. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the law of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75004 Paris Cedex 01. Telephone: (01) 4297-0621. Fax: (01) 4297-0629. Printed in S.A. North America. Codex 1. Editor: Richard Lambert. ISSN: ISSN 0888-2733. Commission Dénomination: 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmekalle 42A, DK-1161 Copenhagen, Denmark. Telephone: 33 13 44 41. Fax: 33 53 35.

Financial Times (Scandinavia) Ltd, Vimmekalle 42A, DK-1161 Copenhagen, Denmark. Telephone: 33 13

Company insolvencies continue to fall

By Andrew Jack

COMPANY INSOLVENTIES in England and Wales fell in the first three months of this year for the second quarter in succession, figures from British Chambers of Commerce showed yesterday.

Seasonally adjusted company compulsory liquidations and creditors' voluntary liquidations were 5,705 for the first quarter of 1993 compared with 6,029 in the last quarter of last

year and 5,796 in the first quarter of last year.

But the proportion of company insolvencies to total businesses has not declined and remains at its highest recorded level.

It stood at 2.6 per cent of active trading companies and 2.2 per cent of all companies for the first quarter of 1993, the third successive quarter at those levels.

"The spurious reaction is that this is a great relief and

will relieve the pressure of bad debts on other businesses," said Ms Fiona Johnson from the British chambers. "We were surprised that the failure rate is not higher."

"But if you look a little deeper, the proportion of active trading businesses remains high," she said. "The figure is still unacceptably high."

The chambers said the figures nonetheless provided some evidence that the economic tide is turning, and pro-

vide support for business and employee and consumer confidence.

Total company insolvencies were 24,834 for the 12 months to the end of March 1993. The figures come from records at Companies House and the Department of Trade and Industry's Insolvency Service.

Seasonally adjusted individual insolvencies continued to rise. They were 10,233 for the first quarter of the year com-

pared with 9,795 in the final quarter of 1992 and 8,773 in the first quarter of last year.

The absolute decline in company failures corresponds with figures in the last few months on receivership and administration appointments compiled by accountants Touche Ross from the official London and Edinburgh Gazettes.

Traditionally it takes 18 months from the beginning of economic recovery before cor-

porate failures decline as companies seek new working capital from their bankers. The decline in the figures may indicate a more responsive attitude from the banks.

The figures also echo figures released last week by the Lord Chancellor's Office for winding-up petitions. They showed 4,600 petitions for the first quarter of this year, down 3.5 per cent on the first quarter last year.

Ex-detectives join private investigators

By Jimmy Burns

more of a problem to chase the money than to chase the people."

Mr Kroll said there were 16 banking jurisdictions including Austria, Liechtenstein, the Cayman Islands, the Dutch Antilles and Paraguay where investigators were encountering lack of co-operation.

He named Switzerland as an example of a country that in recent years had become more co-operative in proving banking information.

"By contrast Austria is terribly difficult. It is one of the most vigorous countries in enforcing bank secrecy laws and has used this as a tactical advantage with which to take business away from Swiss banks," Mr Kroll said.

Mr Kroll, sometimes known as Wall Street's "private eye", employs 250 people in 11 offices worldwide. After the Gulf War he was hired by the Kuwait government to trace Iraqi assets around the world.

Mr McStravick has been involved in a series of major financial investigations in recent years including the House of Fraser takeover by the Fayed family, Dunsdale Securities and Brent Walker.



Tony McStravick and John O'Connor: switching to private agency

Accountants get lowest rise for over 25 years

By Andrew Jack

ACCOUNTANT salaries rose by less than 3 per cent over the past year in the lowest average increase for more than 25 years, according to the annual survey released yesterday by Robert Half, recruitment consultants.

Across the country, 15 per cent of employers said they planned to recruit new staff this year, up from 14 per cent last year. But 18 per cent said they planned redundancies.

Mr Jeff Grout, managing director of Robert Half, said: "It remains a very difficult market for candidates. 1993 is the worst job market ever for accountants."

It was only in the greater London and south coast regions that most employers said they would be recruiting new accountants.

Salaries rose on average across the country by just 2.9 per cent over the past year, compared with 4.03 per cent the preceding year and a peak of 12.9 per cent in 1988, according to an analysis of figures provided by a sample of 420 organisations.

Newly qualified chartered accountants in London received up to £28,000 in industry and commerce and up to £26,000 in professional practice.

A financial director of a medium-sized company in Lon-

National Savings bring in £249m

By Scheherazade Deneshikhu

NATIONAL Savings contributed £249m to government funding in April, although most of this - £162m - came from accrued interest. Net sales were just £87m, with gross sales of £560m being offset by repayments of £573m.

Philip Coggan writes: "A growing number of companies - 43 per cent - were using profit-related pay, which accounted for a large proportion of the salary increases."

In the 1992-93 financial year, National Savings contributed £4.36bn and provoked complaints from some building societies about unfair competition. The First Option Bond, which was particularly singled out, was relaunched at a lower rate and raised just 2.68% in April. Last year it raised 2.80% in four months.

He said employers were wrong to believe that because unemployment was high it was easy to find suitable staff.

Many ideal candidates were not moving jobs, although this was likely to change in the next six months.

"The Monty Python image of accountants with very poor communication skills continues," he said. "Employers also complain about candidates' lack of commercial acumen."

He said among employers seeking temporary staff there was clear evidence of racial discrimination in favour of Australians and New Zealanders, who made up three quarters of the London temporary market.

Gross capital issues by UK borrowers totalled £4.1bn in April, the Bank of England said yesterday. After redemptions of £1.27bn, net issues were £2.8bn, on Tuesday.

Capital issues

GROSS capital issues by UK borrowers totalled £4.1bn in April, the Bank of England said yesterday. After redemptions of £1.27bn, net issues were £2.8bn.

Consumer boom warned to be still a long way off

THE subdued state of lending by British banks to UK residents was highlighted yesterday by Bank of England figures showing that total lending rose just £2.2bn to £35.5bn in the four months to the end of March, Peter Norman writes.

Consumers who found credit acceptable in the 1980s now regard it as debt and their cautious attitude should dampen hopes of a rise in consumer confidence for a long time to come, the report argues.

It finds that the recession has changed perceptions of credit for anything other than a mortgage. "Mortgages are seen as a necessary source of debt and quite separate from other forms of borrowing, a sort of unavoidable buying," according to the report.

Nevertheless, it finds that many young people who have not yet taken out a mortgage are willing to live with their parents rather than commit themselves to the financial burden.

Many potential new buyers are particularly put off by friends who have been caught in the negative equity trap, where the value of their mortgage exceeds the price of their home, while others are waiting for house prices to fall further.

"While home ownership remains the long-term aim, many young people are apparently willing to stay out of the market in the short term," according to the report.

Borrowing has shown a significant decline since 1990. Mintel estimates that there are still 1.8m households in debt in the UK, owing a total of £22bn to 3.3m creditors. It finds that consumers are trying to reduce their debt against a background of fears of rising unemployment.

Figures released by the Central Statistical Office this month showed that consumer borrowing had increased unexpectedly to a seasonally adjusted £223m in March - the highest since April 1991 - from £214m in February. Mintel, however, expects the prevailing caution to persist for several years and for consumer spending to remain sluggish for the next two years.

Debt 1993, Mintel, 18-19 Long Lane, London EC1A 9HE, £79.

BICC plc

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Swiss Bank Corporation

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To provide shareholders with an assured cash return Swiss Bank Corporation ("SBC") is making you an offer to purchase your new Ordinary Shares. This offer is at a price higher than that offered on 4th May, 1993 by BZW.

2. The SBC Cash Offer

SBC hereby offers to acquire, on the terms and conditions set out herein and in the SBC Form of Acceptance (Form D), your new Ordinary Shares arising from the Enhanced Share Alternative. SBC will pay you, in cash, an amount approximately equivalent to a dividend of 19.47p per Ordinary Share on those Ordinary Shares for which you accept the SBC Cash Offer.

	per Ordinary Share
Cash Dividend	13.25p
BZW Cash Offer	18.875p
SBC Cash Offer	19.47p

The SBC Cash Offer allows you to:

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- sell your new Ordinary Shares arising under the Enhanced Share Alternative free of any commission or dealing costs
- receive your cash approximately two weeks earlier than by selling through a stockbroker or other agent for normal account settlement

The SBC Cash Offer represents a premium of 46.9 per cent to the final cash dividend of 13.25p per Ordinary Share and approximately 98 per cent of the amount of the Enhanced Share Alternative. This is an increase to the BZW Cash Offer, which represents a premium of 42.4 per cent to the final cash dividend of 13.25p per Ordinary Share for 1992 and approximately 95 per cent of the amount of the Enhanced Share Alternative.

The SBC Cash Offer can be accepted in respect of all or part of your entitlement to new Ordinary Shares thus giving you the opportunity to take your Enhanced Share Alternative in cash at the SBC Cash Offer price, new Ordinary Shares or a combination of both.

The SBC Cash Offer is conditional upon BICC proceeding with the Enhanced Share Alternative.

3. Acceptance

The SBC Cash Offer is only available to shareholders on the BICC register of shareholders as at 29th April, 1993 who:

- have elected or will elect for the Enhanced Share Alternative (Form D) completed and returned in accordance with the BICC Enhanced Share Alternative or have already lodged a scrip dividend mandate to receive all future dividends in the form of new Ordinary Shares (Form A completed); and
- have not agreed to sell their new Ordinary Shares through their stockbroker or other agent or to BZW in accordance with the BZW Cash Offer (Form C).

To accept the SBC Cash Offer you must complete the SBC Form of Acceptance (Form D) (adjacent) in accordance with the instructions therein. Form D must be returned to Swiss Bank Corporation, BICC's Enhanced Share Alternative, Swiss Bank House, 1 High Timber Street, London EC4V 3SB so as to be received by SBC no later than 3.00 p.m. on Tuesday 25th May, 1993.

4. Fractional Entitlements

Acceptance of the SBC Cash Offer will only be valid in respect of a whole number of new Ordinary Shares and will be rounded down to the nearest whole number accordingly. Any balance will remain part of a shareholder's entitlement under the Enhanced Share Alternative and will be satisfied by BICC in new Ordinary Shares and/or cash in accordance with the terms and conditions of the Enhanced Share Alternative.

5. Settlement

A cheque for the proceeds of sale under the SBC Cash Offer, together with a contract note (which you will need to retain for the purposes of UK taxation on capital gains), setting out details of the sale of your new Ordinary Shares under the SBC Cash Offer, will be posted to you on 10th June, 1993 at the address appearing on the BICC register of shareholders as at 29th April, 1993.

All documents (including cheques) sent to or by shareholders will be at the risk of shareholders concerned.

6. Taxation

UK resident shareholders who accept the SBC Cash Offer may incur a liability to capital gains tax (or corporation tax) depending on their own individual circumstances. If you are in any doubt as to your tax position you should consult your own professional adviser.

7. Overseas Shareholders

The new ordinary shares have not been registered under the U.S. Securities Act of 1933, as amended, or under the Corporations Law of the Commonwealth of Australia or under the laws of Canada including the provincial securities legislation. Shareholders with registered addresses in any of those countries are not entitled to participate in the Enhanced Share Alternative and accordingly the SBC Cash Offer is not available to those shareholders.

Shareholders who are residents, citizens or nationals of other overseas countries may be affected by the laws of the relevant jurisdictions. Such shareholders should seek advice and observe any applicable legal requirements including the obtaining of any governmental or other consents that may be required and compliance with other necessary formalities. Overseas shareholders should note that settlement of the SBC Cash Offer will be by way of a cheque in pounds sterling.

8. General

SBC is pleased to be able to provide BICC's shareholders with the opportunity to sell their new Ordinary Shares for a fixed cash return independent of BICC's share price movements, free of dealing costs and at a higher level than that offered by BZW on 4th May, 1993. SBC believes that its offer should be attractive to shareholders.

This advertisement has been issued and approved by SBC. SBC is a member of The Securities and Futures Authority and of the London Stock Exchange. SBC and/or other members of the SBC Group, their directors and/or representatives and/or employees and/or families may have a long or short position in the Ordinary Shares of BICC and may make and/or sell or offer to make a purchase and/or sale of any of the Ordinary Shares of BICC from time to time in the open market or otherwise in each case either as principals or agents.

SBC is acting solely on its own behalf in respect of its offer, is not providing investment advice to BICC's shareholders and will not be responsible to anyone for providing the protections afforded to customers of SBC apart from those appropriate to an execution only service in respect of this offer. If shareholders are uncertain of how to react to this offer they should consult an independent financial adviser authorised under the Financial Services Act 1986.

For general information about the operation of the SBC Cash Offer please contact the SBC Information Line, telephone 071-711 4111.

Yours faithfully,
SWISS BANK CORPORATION

A company limited by shares, incorporated in Switzerland. A member of the Securities and Futures Authority and the London Stock Exchange.

This form should be read in conjunction with the adjacent letter from Swiss Bank Corporation ("SBC") dated 15th May, 1993. If you wish to accept the SBC Cash Offer in respect of the whole or any part of your entitlement to new Ordinary Shares, you must complete and sign this form and return it to Swiss Bank Corporation, BICC's Enhanced Share Alternative, 25th May, 1993. This form is invalid unless you submit or have submitted a valid Form B to Barclays Registrars by 3.00 p.m. on 25th May, 1993.

If you do not specify in Box 3 the number of Ordinary Shares in respect of which you are accepting the SBC Cash Offer or if you make an acceptance in respect of a greater number of Ordinary Shares than that shown in Box 1 (or on which you have made your election if fewer) you acceptance will be deemed to be in respect of all the Ordinary Shares shown in Box 1 (or on which you have made your election for the Enhanced Share Alternative if fewer). In the event of doubt as to how a Form of Acceptance has been completed the decision of SBC will be final.

All enquiries concerning this form should be made to Swiss Bank Corporation (Telephone 071-711 4111).

To the Directors of SBC

I/we the undersigned being shareholder(s) of BICC hereby irrevocably accept, in respect of the number of Ordinary Shares shown in Box 1 above, or, if less, the number of Ordinary Shares shown or deemed to be shown in Box 3 above, the SBC Cash Offer on the terms and conditions of

Research says this man should be a hippie.

Unfortunately for us, our research says that when many people in the U.K. think of Apple® Macintosh® computers, they think almost exclusively of graphic artists, eccentric designers, freewheeling creative types and even hippies.

They certainly don't think of the no-nonsense, bottom-line oriented Macintosh user pictured to the right. The sort of individual whose creativity involves minimising taxes or maximising return on investment.

Yet, Macintosh owners like him are fast becoming the rule rather than the exception.

Why would a serious business person choose Macintosh?

For the same reason he did: it is simply the most logical, practical personal computer you can buy.

Not only does it run thousands of serious business programs (Lotus 1-2-3® and WordPerfect®, for example), but it makes them easier to use. Indeed, all Macintosh programs work in the same consistent, intuitive way — you learn one, you've learned the basics of them all. There's no AUTOEXEC.BAT or CONFIG.SYS to confuse you. No odd computer codes to slow you down.

As a user, this means you spend less time trying to figure out your computer and more time getting the job done.

As a manager, it means you spend less money on training and support, and get more results from your people.

Why have 10 million people chosen Macintosh?

For the same reason this man did.

Accountants, engineers, lawyers, financial consultants, editors, chartered accountants — they've all realised that a Macintosh helps them get more accomplished in less time.

Research reports an extraordinary level of satisfaction among Macintosh owners: 98.6%.¹

No, it's not a misprint 98.6%.

When was the last time you can recall seeing so many people agree so completely on anything?

A Macintosh for only £695?

It's true, you can now own a Macintosh for as little as £695.²

However, it is also true that there are cheaper PCs on the market.

There are two reasons for this:

1. Every Macintosh includes things that you often must pay extra for: networking support and file sharing software, sound support, high resolution video support, basic expansion capacity and more.

2. A Macintosh is worth more because of the substantial amount of time and money it can save you. As all too many businesses have learned the hard way, the most expensive part of a computer isn't the



Richard Saunders, Chairman.

computer — it's the cost of training and support. And Macintosh training and support costs are dramatically lower than other PCs.³

Let's face it, 10 million people haven't bought Macintosh just for its cheery graphics.

Is there a Macintosh for you?

Yes. Absolutely. In fact, today Apple offers six different lines of Macintosh models — a total of 17 different computers.

They all run the same software and work in the same efficient way, giving businesses extraordinary flexibility in designing an overall system.

The Macintosh Classic® line starts at just £695 — complete with keyboard, mouse, monitor and networking and file-sharing capabilities.

The latter allows even small businesses to create a highly useful, time-saving computer network in minutes simply by connecting two or more Macintosh computers together with inexpensive cables.

The Macintosh PowerBook® line offers a choice of six PowerBook computers. Twice named a Product of the Year by the likes of *Time*, *Business Week* and *Fortune*, PowerBook has set a new standard among notebook computers for simplicity, display quality and intelligent design.

All of which explains why we sold more than one PowerBook per minute last year.

The Macintosh Quadra® line, considered the ultimate workstation for most users by BYTE Magazine,⁴ combines top level performance with the ease of a Macintosh. Bringing ruthless human efficiency to such demanding engineering and publishing tasks, as well as providing the horsepower required for corporate-sized spreadsheets, databases or long, complex documents.

Is Macintosh compatible?

Here's another little known fact: every Macintosh Apple builds today is designed to work with MS-DOS® PCs your business may already use.

Most Macintosh computers incorporate an Apple SuperDrive™ that reads and writes to 3 1/2", MS-DOS formatted disks, so you can easily share information between computers.

With the help of a program called SoftPC™, you can even run MS-DOS software on a Macintosh.

And you can connect a Macintosh to a PC, a mini-computer or a mainframe over a network, too.

You see, Macintosh fits in as well as it stands out.

A little secret between you and 10 million other people.

The fact is, the ruthless productivity of Macintosh in business remains something of a secret here in the U.K. Exactly the sort of secret a shrewd, conservative business person like you can turn into an extraordinary competitive advantage.

It's a secret you can unlock with an envelope. Or, with a telephone call. (The return-on-investment potential is staggering.)

If you dial 0800 127753, we'll rush you an Apple information pack — filled with product specifications, comparison studies and other vital facts that show you how Macintosh can save you time and make you money.

You have nothing to lose, except a few preconceived notions. So call today. Or cut out the coupon below.

 To receive your free information-filled package, complete the coupon, enclose in an envelope and forward to Ms. Penny Bousfield, Customer Care Administrator, Apple Computer U.K. Limited, Freepost, London SW15 2YY (No stamp required).

First Name _____
Surname _____
Job title _____
Company name _____
Address _____

City _____
County _____
Postcode _____
Tel -STD(_____) _____

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- Macintosh in Business
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- Macintosh at Home

- Tick here if you do NOT wish to receive future mailings from Apple



Apple

NEWS: UK

Smith calls for end to block vote

By Alison Smith and Robert Taylor

MR JOHN SMITH, the Labour leader, insisted yesterday that this autumn's party conference must agree to introduce "one-member, one-vote" for the selection of parliamentary candidates and for electing party leaders.

Speaking to the Fire Brigades Union conference in Bridlington, he said the party had to recognise the need to modernise its democratic processes. His backing for the voting system may upset some

union leaders who oppose it because they believe it will weaken the traditional links between the party and the unions.

The difficulties of Mr Smith's task in winning agreement for the change was underlined yesterday when Mr John Prescott, shadow transport secretary, argued instead for the introduction of a register of trade unionists who are Labour supporters – an option Mr Smith does not favour. They would participate in the selection of Labour parliamentary candidates and election of the party

leader and deputy leader. Mr Smith's stand comes in the face of growing opposition among some of the largest unions. So far, only the AEEU engineering union has backed the proposals.

The unions will have 70 per cent of the vote at party conference this year and Mr Smith will need to secure 21 per cent from them as well as all of the constituency parties for the 51 per cent vote needed to make the change.

Leaders of six of the biggest unions are due to meet again next week to try to reach

agreement on an alternative to one-member, one-vote that might win wider support at the party conference.

Mr Smith will address the MSF technical union's conference on Monday when he intends to underline his determination to see the changes through. He will also speak at the TGWU general union's conference in the summer, before the July meeting of Labour's ruling national executive committee which is expected to decide what changes are recommended to the conference.

As well as re-stating his com-

mitment to modernising the party's links with the unions, Mr Smith also used yesterday's speech to launch a renewed attack on Mr John Major and his style of government and to call for a new sense of direction.

Against a background of a threat of industrial action from the fire service over pay, he also attacked the government's imposition of a 1.5 per cent ceiling on public-sector wages, saying it was "disgraceful" that public-sector workers should pay the price of the government's mistakes.



An emotional rally of miners and their families at Grimethorpe colliery in South Yorkshire yesterday marked the pit's closure

Relaxed drugs laws urged

A SENIOR police officer has called for research into licensing users and suppliers of illegal drugs.

Speaking on Thursday at the annual Association of Chief Police Officers' drugs conference, Commander John Grieve of Scotland Yard said the aim would be to cut crime against the elderly and vulnerable. He also called for a national system of cautioning for a wide range of drugs offences.

His controversial proposals come after chairing a working group of 31 police chiefs during the conference, nearly half of whom he said were in favour of at least some research.

The Independent to pay libel damages

THE Independent newspaper is to pay "substantial" libel damages to Mr Conrad Black, chairman of The Telegraph plc, and its solicitor and secretary Mr Anthony Bentoul, it was announced in the High Court yesterday.

The undisclosed settlement follows the newspaper's story about the approval by Telegraph shareholders of the company's purchase of a £70m stake in the Canadian publisher Southam Inc.

The Independent also made a public High Court apology and apologised to the two executives.

The Independent, as well as paying damages and apologising in court for the embarrassment caused, has agreed to pay legal costs and publish a full and unqualified apology.

Move for bank

THE Long Term Credit Bank of Japan, whose building was damaged by the Bishopsgate bomb in the City of London, plans to move into 49,000 sq ft of MEPC's Alban Gate building on London Wall in June on a four-year lease, subject to a right to break the lease after a year with six months' notice.

BBC to review subscription service's future

By Raymond Snoddy

THE FUTURE of BBC Select, the corporation's specialist commercial subscription service, is to be reviewed at next week's BBC board of management meeting.

The review is on the agenda for Thursday's meeting, the first time BBC Select has been looked at in detail since Mr Birt took over as director-general last October.

BBC Select, part of the BBC's education directorate, broadcasts specialist services for business people, accountants and lawyers in the middle of the night to specially adapted video recorders. It has developed more slowly than originally expected. It cost between £10m and £12m to set up and has running costs of £1m to £2m a year.

Accountancy Television, the service for accountants launched in October, has fallen behind projections and investors holding 40 per cent of shares have written them off on their books. The service for lawyers, Legal Network Television, says it is ahead of target.

Apart from subscription services, which are scrambled so that only those who pay can see them, there are also open-

broadcast services, such as those run by BMH Communications. BMH broadcasts events such as annual meetings.

The review of BBC Select is taking place against a background of cost-cutting throughout the BBC, where all the commercial activities are being looked at carefully.

Some BBC Select staff fear that closure could be an option, although senior executives think this unlikely.

Another possibility is that BBC Select will provide more training and education programmes, and that plans for leisure subscription services, such as one on yachting, will be delayed further.

Mr John Badcliffe, managing director of BBC Select, said yesterday: "We are well into negotiations for at least four new services – for the computer industry, small businesses, French language training and arts performance."

Some of the new services could be launched early next year.

BBC Select was set up to make use of the corporation's night hours. During Baroness Thatcher's premiership, there were fears the night hours might be given to the commercial sector.

Lecturers' union scorns threat to national talks

By John Authers

NATIONAL PAY negotiations for lecturers in further education colleges were called into question yesterday.

The National Association of Teachers in Further and Higher Education (Natfhe) is balloting its members on a possible one-day strike in protest against proposed new contracts which could involve longer working hours and shorter holidays.

The ballot will be completed on Monday, and a strike could follow on May 20.

But Mr Roger Ward, chief negotiator for the College Employers' Forum, which was set up to negotiate on behalf of college principals, said yesterday: "I want to emphasise that we are not refusing to negotiate. A growing public debate is taking place about the future of national bargaining, but we cannot formally do anything about that until after May 20."

Natfhe has been offered a national negotiating agreement but has not yet signed it. A strike might persuade employers to attempt negotiations on a local basis.

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Reprise for Swan Hunter hangs in balance

By Chris Tigh & Alison Smith

THE SLIM hope that Swan Hunter might continue in business as a shipbuilder hung in the balance last night as all-day talks over the fate of the three Type 23 frigates it was fitting out when it went into receivership on Thursday ended inconclusively.

After eight hours of negotiations with the Ministry of Defence in London, Mr Mark Homan, senior Price Waterhouse UK Corporate Recovery partner, said: "It will be apparent from the fact that the receivers have been at the Ministry of Defence all day that the matter is extremely complex." Mr Homan hoped a further statement could be made over the weekend.

Mr John Major, the prime minister, is to meet Mr Steve Bryers, Labour MP for Wallsend, and Mr Nick Brown, Labour MP for Newcastle upon Tyne East, next week about the plight of Swans. Labour

house UK Corporate Recovery partner, said: "It will be apparent from the fact that the receivers have been at the Ministry of Defence all day that the matter is extremely complex." Mr Homan hoped a further statement could be made over the weekend.

Mr John Major, the prime minister, is to meet Mr Steve Bryers, Labour MP for Wallsend, and Mr Nick Brown, Labour MP for Newcastle upon Tyne East, next week about the plight of Swans. Labour

yesterday published a list of suppliers which depend on the shipbuilder for business.

Mr Robin Cook, shadow trade and industry secretary, said that 341 companies in 184 Conservative constituencies were suppliers to Swan Hunter, the Tyneside shipyard which went into receivership after failing to win a vital helicopter carrier contract.

The range of companies supplying Swan Hunter extended even to Huntingdon - Mr Major's constituency.

Altogether, some 900 companies are thought likely to suffer lost business if the Swan Hunter yard closes down.

The receivers were last night holding talks with the Department of Employment. Hope that Swan Hunter can continue as a shipbuilder hangs on whether the frigates, worth about £400m, can be kept on the Tyne for fitting out. They are due to be handed over to the Royal Navy between the end of this year and late 1994, when Swan's current order

books runs out. Continuing fitting-out on the frigates would allow Swans to retain several hundred of its current 2,200 workforce into next year, enhancing its chances of winning further contracts and making the company more attractive to any potential buyer. The company yesterday sent off a clarified tender for an attack craft for the Oman government.

Yesterday, as speculation continued on how the rival tenders came to be £50m apart,

the MoD insisted the carrier bidding process had been fairly handled, despite claims that Swan had to increase its final bid substantially to accommodate additional features required by the ministry.

Mr Robin Ashby, public relations consultant to Swan Hunter until Thursday's receivership, said the tenders for the carrier from Swan and VSEL last year were both within £5m of a target price of £170m. But, after the government confirmed in March it

was to place the order and asked the rivals to "clarify" their bids, the MoD, Mr Ashby said, asked Swan for additional features. These contributed to its tender rising to £210m. VSEL's final bid, he said, was around £180m.

The MoD confirmed it had offered advice to both bidders as they prepared their best and final offers. It said this was normal practice. The MoD said both tenderers had the same specification. "We run totally fair competition," it said.

Prison Service meets Group 4

MR DEREK Lewis, the director-general of the Prison Service, yesterday met directors of Group 4, the security company, to review its handling of the first privately managed prisoner-escort contract. Alan Pike writes.

The Prison Service said that considerable progress has been made since initial problems when Group 4 began escorting prisoners last month.

During the first fortnight of Group 4 escorting prisoners between prisons and courts in the East Midlands, Yorkshire and Humberside, several escaped or were wrongly released. There have been no escapes during the past three weeks.

The meeting discussed the implications of Group 4 being asked by the Prison Service to carry out additional work not covered by the original £2.5m per year contract.

Sunday shopping review go-ahead

THE HIGH Court has ruled that the judicial review sought by retailers Tesco Stores and Texas Homecare, which claim they have been unfairly discriminated against by local councils enforcing laws banning Sunday trading, should be speeded up. The review is likely to be heard next month.

The retailers are seeking a review on the grounds they have been unlawfully targeted and threatened with trading bans while smaller businesses are escaping legal action.

Tunnel remarks 'misinterpreted'

TRANSMANCHE Link, the Anglo-French consortium building the Channel tunnel, yesterday sought to distance itself from comments that the project might be delayed until 1995 made earlier this week by Mr Philippe Montagnier, the consortium's vice-president.

Mr Montagnier had said that his remarks had been misinterpreted. The contractors had told Eurotunnel, the tunnel operator, that it might not open until the middle of next year unless agreement can be reached on the contractor's claims for additional payments.

CITY THEFT CHARGES TWELVE people have now been charged with stealing from wrecked buildings after the IRA bomb explosion in Bishopsgate, City of London police said yesterday.

How soccer's dream ticket fell foul

MR Alan Sugar, chairman of Amstrad and Tottenham Hotspur, is not known for his cool temperament. He once admitted: "I have got a terrible temper, violent, wild, I bang the table and scream and shout."

He is rarely lost for words and he does not take kindly to being told what to do. So it must rather difficult for him to comply with his lawyers' advice that he say nothing about the boardroom bust-up with Terry Venables who was sacked as Tottenham's chief executive yesterday.

Whatever the immediate cause of the falling-out, it has been an open secret that the relationship between the two East Enders has been going downhill ever since Mr Venables pursued Mr Sugar to help him buy the club two years ago to thwart a takeover bid by the late Robert Maxwell.

In the event it seems Mr Sugar wanted Mr Venables to stick to football and leave the business side of the running of the club to him.

He was once quoted as saying that he would look after the £11m debt to the bank while Mr Venables would look after the 11 men on the field.

This was bound to conflict with Mr Venables' ambitions of graduating from football management to business management. And the strong coaching team, headed by Doug Livermore and Ray Clemence, was designed to lighten the training burden on him.

It should have come as no surprise that Mr Sugar would be the boss. He made its clear during his abortive 30p-a-share buy-back bid for Amstrad - rejected by shareholders as being too cheap - that one of the key reasons he wanted to take Amstrad back into the private sector was because he feels instinctively more comfortable when he has day-to-day direct control.

When he took over Spurs with Venables, it was regarded as a dream ticket - two East End boys working together, one looking after the finances and the other looking after the

the merchant banker Hill Samuel yesterday denied reports that it had been instructed to arrange the sale of Everton football club.

The reports, carried in the Liverpool Echo, claimed that the Moores family, which owns the Littlewoods pools and betting chain, had instructed Hill Samuel to arrange a 22.5m sale of its 50 per cent stake in the club.

However, Hill Samuel spokesman yesterday said: "Everton football club is a banking customer, but Hill Samuel wishes to make it clear that it has not been instructed to advise on raising financing for the club or on the seeking of buyers."

The Moores family yesterday also denied the report, while a spokesman for the club dismissed it as "sheer speculation."

Nevertheless, with Everton reported to be some £4m in debt after a series of financially troubled years, the rumours have added to concern about the club's future.

Founded a century ago, the club last won the championship in 1887. Since then it has had a mediocre run.

football. The falling out has been equally dramatic.

There appears no obvious reason for the split. The company turned a £1.75m pre-tax loss into a £2.6m profit in 1991-92 and is forecast to have made £2m pre-tax in the year just ending, albeit boosted by a 23m gain on player sales initiated by the Paul Gascoigne deal.

The share price, however, has typically traded well below the 125p rights issue price.

It would seem the two men, from similar backgrounds, could not just get along. For Venables yesterday marks the lowest point in a colourful football and business career. The former Tottenham manager, "Son of Fred" - to quote the title of his autobiography - came from a council estate in Dagenham to enjoy success on



Not singing any more: the football partnership that was hailed as Spurs' salvation with Alan Sugar, chairman, left and Terry Venables, chief executive, at Tottenham v QPR last winter

and off the soccer field.

He played for England at every level including schoolboy, youth and Under 23 teams. He followed this by managing Queens Park Rangers and Crystal Palace before going to Spain to coach Barcelona one of the biggest clubs in the world which led to his Spanish League title in his first year.

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well had been fended off. Mr Sugar has often acknowledged that he is not really a "team player". He also showed ruthlessness early on at Tottenham. He sacked Mr Ian Gray as managing director and Brown Shipton & Co as financial advisers. Both parties launched litigation.

He told the field he has had just for Tottenham but for many of the Premier League clubs in negotiating a lucrative deal with BSkyB, the satellite broadcaster. The bagging of live Premier League matches for satellite TV has provided an obvious fillip to dish sales - one of Amstrad's lines.

Mr Sugar does not forgive-and-forget either. When his old friend Mr Guti Lavan, head of the Binatone private electronics group and the man who gave Sugar his first break,

well had been fended off.

Mr Sugar has often acknowledged that he is not really a "team player". He also showed ruthlessness early on at Tottenham. He sacked Mr Ian Gray as managing director and Brown Shipton & Co as financial advisers. Both parties launched litigation.

Those who know the private and reportedly rather shy Mr Sugar say much of his streetwise style reflects his upbringing in an east London council house. Others - including Lord Young who first met him at a Downing Street seminar, have suggested that his apparent unease in government and city circles reflected insecurity.

But Alan Sugar is also a chameleon. Charming when he needs to be, rude and foul-mouthed if angry. His wife Ann has said she enjoys the spotlight so much so that he ought to be on the stage.

Paul Taylor
Jane Fuller

Heseltine tries to rally Tory rank and file

By James Buxton, Scottish Correspondent

MICHAEL Heseltine, the trade and industry secretary, yesterday assured anxious Conservatives that they would weather the storm currently buffeting the party.

He told Scottish Conservatives in Edinburgh: "We are the party of government, responsive to the public mood, not bowed by pressure... above all a party man enough for the storms."

"We have weathered them before. We will come through to earn the reward. We know there will be a better season."

He urged Conservatives to display confidence without complacency".

Mr Heseltine was speaking on the last day of the Scottish Tories' conference, where the upbeat mood produced by last year's successes in the general election north of the border contrasted with near panic among party supporters further south after setbacks in local government elections and the Newbury by-election.

Mr Heseltine attacked the party's Maastricht rebels, saying it was "unthinkable that the party would let John Major down" (over ratifying the treaty) and deny him what we entrusted him to achieve".

Mr Heseltine revealed that he had been asked by Mr Major to carry out an assault on excessive regulation hampering British business. "He advised in there, lad, and act before breakfast, before lunch, before tea and before dinner. I didn't take much encouragement."

Government departments had listed 7,000 regulations imposed on business, though the number fell to 3,500 when the double counting of measures imposed by two

departments were eliminated.

Earlier

Mr John MacGregor, transport secretary, was warned that the proposed privatisation of British Rail was a "recipe for disaster". Mr John Gall, a retired train driver with 31 years' service, said: "We don't require an opposition. We've done their job for them."

Mr Gall was the only speaker to express outright opposition to plans to franchise some of British Rail's services to the private sector. Several speakers voiced reservations, but others strongly backed the plan.

Mr MacGregor held out the prospect of a privatised ScotRail competing for railway franchises in England after it had itself been franchised. ScotRail is to be one of the first parts of British Rail to be franchised. It is widely believed the franchise will be won by its existing management through a buy-out.

Mr Malcolm Rifkind, the defence secretary, rejected a call from the floor of the conference to scrap Options for Change, the plan to scale down Britain's defence forces after the collapse of the Warsaw Pact.

He argued Options for Change had been drawn up before the Soviet Union had collapsed and Russian troops moved 1,000 miles back from Europe. He had to ensure that the British defence budget, which like other departments faced public expenditure constraints, was adequate to ensure that British forces had the best equipment.

He said no decision had been

made on which of the two naval dockyards would win the contract to refit Trident submarines, but that both Rosyth and Devonport would remain in existence for many years to come.

Motoring costs top inflation

By Kevin Done, Motor Industry Correspondent

THE cost of motoring in Britain is rising faster than the rate of inflation, the Automobile Association claimed yesterday.

The average motorist driving 10,000 miles a year will pay between £130 and £375 more in 1993 than last year depending on the size of car.

Increases in insurance premiums, road tax and fuel duty are the main factors in raising motoring costs along with increases in new car list prices.

According to the AA the average cost of running a 1.4 to 2 litre car is about £4,559 - car licence (£125), insurance (£368), depreciation (£1,752), road organisation membership (£64) - or 29.1p per mile.

In addition, running costs total 16.5p per mile including petrol (7.6p), oil (0.6p), tyres (1p), servicing (1.2p) and repairs and replacements (6.2p).

On average, motoring costs for a car with a 1.1 to 2 litre petrol engine are expected to rise by 5.5 per cent this year.

• The Department of Transport yesterday published two reports on injury accident and casualty rates for different makes and models of cars.

The Department of Transport leaflet, based on 70,000 accident statistics from 1988-91, lists 90 models.

The report showed the driver of a small car is about 50 per cent more likely to be injured when involved in an accident than a driver of a large car.

It also revealed that women drivers were less likely to be killed than men drivers but were more likely than men to be injured.

Petrol retailers attack suppliers

By Deborah Hargreaves

BRITAIN'S biggest oil companies were attacked yesterday by petrol stations in a survey published by the Petroleum Retailers' Association.

Retailers were highly critical of their dealings with the oil companies at a time of big upheavals in the petrol market.

Retailers are facing intense competition and tougher environmental regulations.

More than half the petrol retailers said oil company prices had not helped their profitability in the past year.

More than 40 per cent of the retailers said that the marketing advice they received from oil companies was unhelpful.

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All-time low for teacher vacancies

By John Authers

VACANCIES for teachers at schools in England reached an all-time low in January, Mr John Patten, the education secretary, announced yesterday.

Full-time vacancies fell by 30 per cent overall compared with 1992, with 785 openings at 19,500 nursery and primary schools, and 888 in 3,882 secondary schools.

Vacancies for teachers of modern languages and mathematics fell by 40 per cent. Mr Patten, who released the information in a parliamentary answer, described the figures as "good news for schools". He said they meant there was little more than one vacancy for 20 schools.

Mr Patten also pointed out

FINANCIAL TIMES

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Saturday May 15 1993

A gleam in Asian eyes

GOLD HAS always been a bolt hole for the nervous, and as this week's events have demonstrated once again, there is never any shortage of things for investors to be nervous about. The devolution of the peseta within the European exchange rate mechanism, the looming Danish referendum on Maastricht, high-profile corporate bankruptcies such as that shipbuilders Swan Hunter - the list can be compiled to suit all tastes in pessimism. Yet the surge in the gold price to a 17-month high, and the simultaneous mid-week plunge in the Dow Jones industrial average, were primarily attributable to renewed fears of inflation. Rarely has investment opinion on the respective risks of inflation and deflation been so polarised.

Last month investors subscribed for \$175m worth of 50-year debentures in aircraft manufacturer Boeing on a redemption yield of just under 8 per cent, only 1 percentage point more than the yield on the US Treasury's 30-year bond. This implies not only a touching faith in price stability half a century hence, but an even more touching belief in the durability of companies - just when the troubles of giants such as IBM and Philips are pointing to a shorter life cycle for corporate monopolies.

The steepness of the yield curve in the US, with short-dated paper as low as 3 per cent against long bonds yielding almost 7 per cent, admittedly makes longer maturities attractive. But as the US newsletter *Grant's Interest Rate Observer* puts it: "In flight from 3 per cent, a person may buy a cat or a dog instead of a yield."

Or, in the present instance, a person may buy gold. Yet worries about renewed global inflation look premature. In the US, where bond investors switched on Wednesday over a big increase in producer prices between March and April, the figures for output, jobs and broad money still point to a faltering recovery and minimal inflationary pressure. Japanese bond yields of 4% per cent, even after the quarter point rise over the past month, are not ringing inflationary alarm bells.

European doldrums

In Europe, meantime, the German and French economies will contract this year. While Bundesbank officials warn loudly about inflation, the German central bank's action on interest rates suggests mounting anxiety about shrinkage in the real economy. Within that, countries such as the UK, with its roller-coaster housing market, or Italy, with an overblown stock of public-sector debt, clearly remain inflation-prone. Rising fiscal deficits could also cause global trouble in the late 1990s. But this is not yet the stuff

Money is the Pleistocene layer of British business, the rich, deep mineral deposit that lies buried under the top dressing of corporate strategy, mission statements and quality circles.

Once a year, at annual time, the surface layers give way, and the secret bursts into view - for some people, business is a way of keeping body and soul together; for others, it is a way of getting rich.

This year we learnt, for example, Mr Mick Newmarch, chief executive of Prudential, received £769,000 last year in salary, pension contribution and shares. Lord Wolfson, part-time chairman of Next, had a 33 per cent pay rise, to £163,000. Mr Peter Wood, who has created the Direct Line insurance business for Royal Bank of Scotland, is likely to earn more than £10m. Sir Anthony Tennant, retiring chairman of Guinness, won a 25 per cent pay rise in his last year, to £777,000, plus an annual top-up payment to take his pension to about £500,000, and £50,000 a year in consultancy fees. Michael Green, chairman of Carlton Communications, got an 84 per cent pay rise, to £520,000.

These are the annual purse-hunting rituals of spring. This year, however, there has been a special edge to the public reaction, honed by low general pay rises and some unusual, one-off arrangements.

If current share prices hold good, for example, 44 managers at ICI stand to make £55m between them this autumn, thanks to a share purchase scheme designed to keep them in their jobs during the television franchise round. Mr Ronnie Hampel, chief executive of about-to-be-sundered ICI, will celebrate a 31 per cent cut in the size of the company he runs with a 25 per cent rise in his salary, to £425,000, and a bonus of between 50 and 100 per cent of final salary when he retires in 1995. And Mr Gerald Ronson, the man responsible for the rise and fall of Heron International, has persuaded the banks to let him have a five-year contract at an annual index-linked salary of £500,000 for sorting out the mess he's stuck with.

A couple of decades ago, this surge of personal enrichment would have provoked a left-versus-right political controversy - the working class versus the toffs.

This time, the political and trade union response has been muted. Instead, there has been a distant rumbling from the nameless, respectable legions of middle managers and small shareholders, faithfully reflected in the columns of the broadsheet press.

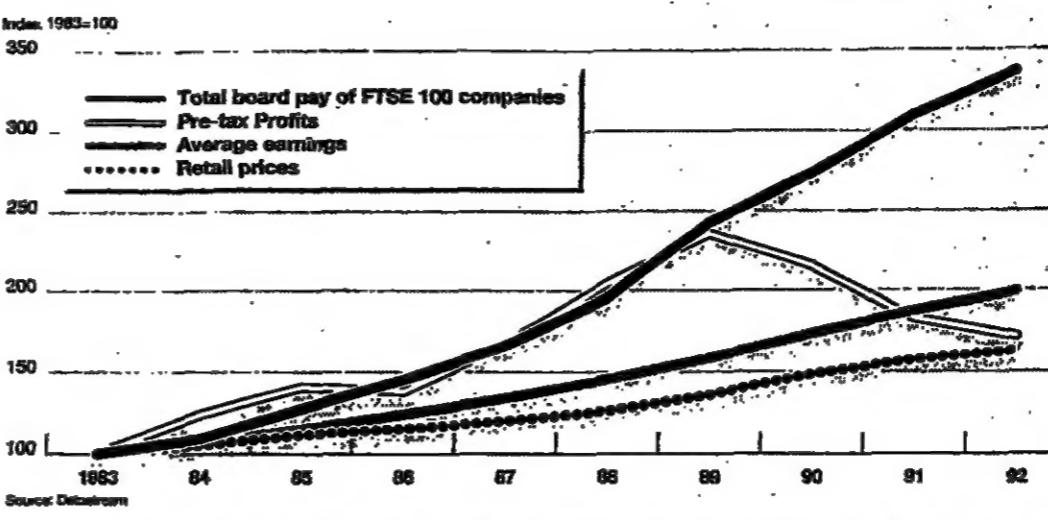
There is a statistical underpinning for this walling off from the sub-urbs. Over the past 10 years, an FT survey shows, the boards of those companies which have stayed in the FTSE 100 index throughout the period have raised their collective earnings by an average of 14% per cent a year, outstripping the rise in the cost of living, the average salary, and their companies' profits by a handsome margin (see chart).

Even when the economy has slowed, and the white-collar salaried has suffered its first serious recession, the surge in directors' incomes has continued, buoyed in part by the reporting this spring of bonuses paid in 1992 for achievements in 1991, in meeting targets set as long ago as 1990. So far, 76 of the current FTSE 100 members have published their salary and profit details for financial years ending in 1992. Overall, they raised directors' pay by 13 per cent during a period when prof-

Peter Martin examines the irresistible rise of UK executives' pay and its effect on the morale of middle managers

More than their job's worth

Pay at the top



its *fell* by 7 per cent, the cost of living rose by about 5 per cent and average earnings increased by roughly 7 per cent.

Mr Stefan Szymanski, assistant professor of economics at the London Business School, has confirmed this trend in a broader, more statistically thorough, study. During the boom, he says, there was a definite relationship between rapidly increasing profits, and rises in board pay. During the recession, however, this relationship broke down. Profits fell, but earnings stayed the same - or kept on rising.

Directors in small and medium-sized companies (average salary: £46,000) "are at a loss to understand why these enormous salaries are paid", says Mr Jenkins. "The other source of irritation is when an individual runs a company into the ground and is removed - and goes out leading the parade with an enormous cheque."

In the meantime, though, he understands a middle-manager's frustration. "His differential over the people below him hasn't increased as fast as the directors' differential over him," says Mr Williams. "If you look at before-tax - and, even more, after-tax - figures, the gap has widened quite significantly over the past decade."

The Institute of Directors, normally the most ardent advocate of management's right to call the shots, is also perturbed. An audible

note of irritation creeps into the voice of Mr Blenith Jenkins, the institute's director of corporate affairs, when he talks about the subject. Partly he is irritated at journalists for failing to recognise the delayed nature of bonus payments and annual reports.

But mainly, he is exasperated that companies make too little effort to spell out their remuneration policies, pay top people cost-of-living increases which are not justified by performance, and cling to three-year rolling service contracts which produce high pay-offs when an executive is asked to leave.

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A new set of institute guidelines on pay, addressing these points, is due to be approved by its policy committee next week.

Underlying the issue of executive pay lies one important trend. Much lower marginal tax rates have made it worth paying higher salaries, because executives, not the taxman, now reap the benefit. That has gone hand in hand with a shift of perceptions. After a decade of Thatcherism, says Hay's Mr Williams, people

believe "it's OK to make a lot of money". This has led to a general widening of differentials and an attempt to link pay more closely to performance in every industry, at every level - and in the public service as well. So why does the link seem to have broken down in large companies, at least when it comes to a period of poor performance?

There are a number of possible reasons. One is the argument about lags mentioned earlier; the second is that big British companies, by and large, have managed to protect shareholders against the impact of recession remarkably well; perhaps directors deserve extra pay for preventing a much bigger profits slide?

The snag with this explanation is that it also applies to lower-level workers. After all, in many companies, staff cuts have increased the remaining employees' workload - yet they do not get director-sized pay rises. And though the lags argument is also valid, the recession has gone on so long that bosses' pay packets should surely be showing some impact by now.

More convincing explanations revolve around a set of boardroom beliefs which create irresistible upwards pressure on directors' pay:

• The arithmetic fallacy. Every company wishes to be above average in the terms and conditions it offers its top executives, to be sure of attracting the best talent. Yet if everyone seeks to be above average,

the result is that no one ends up getting a raise.

• Institutional shareholders are starting to take executive pay as an issue, worried perhaps by the example of the US, where total board remuneration is a significant figure in the profit and loss account of some companies. In Britain, though the individual sums are large by comparison with average wages - even average white-collar earnings - the total is not big enough to worry shareholders directly.

It risks becoming so, however, if directors' pay drifts so far out of line with ordinary managers' pay and with profitability as to damage morale and performance inside the company. Deep in the Pleistocene layer, something stirs ...

MAN IN THE NEWS: Jacques Delors

Return of the Invisible Man

Barring the odd volcanic outburst, Mr Jacques Delors has been a model of self-restraint this year. The president of the European Commission has assumed such a low profile that Brussels officials joke that the man known as Mr Europe has turned into Mr Invisible.

But if the polls are correct and Danish voters approve the Maastricht treaty in next Tuesday's referendum, Mr Delors intends to mount a comeback. This may come as a surprise to those in Britain and elsewhere who dismiss the 67-year-old Frenchman and his vision of a federal Europe as a busted flush. But Mr Delors, with one eye on the French presidency in the 1995 elections, still sees himself as a present and future leader in Europe.

One of Mr Delors' residual strengths is that he is not afraid of entering areas where others fear tread. Hence his decision to order an in-depth European Commission study of whether Europe is losing the battle to remain competitive with the US and Asia. This is more than an academic study about why there are 7m people out of work in EC. According to aides, the Commission president is prepared to tackle the sensitive question of whether Europe's welfare state is indirectly contributing to low growth, rising unemployment and the failure to create new jobs.

Now, there is nothing to suggest that Mr Delors, a Christian and a socialist from peasant stock, has undergone a midnight conversion and decided to create a US-style society in Europe; nor is there any sign that Mr Delors intends to encourage the Commission to put forward legislation. On that count, at least, his ambitions for Brussels have been blunted beyond repair.



telling was last week's decision by the leading private German industrial lobbies to reject government plans for a new social insurance surcharge for workers and employers. The idea was to finance residential care for the chronically sick and elderly with a DM13bn (£5.3bn) spending package. But the employers described the package as a direct threat to jobs and investment.

Mr Delors frets, too, about the UK. He is irritated by the ruling British Conservative party flaunting its opposition to the Maastricht treaty's social chapter. While he bears no grudges against the UK government's success in boosting growth, he remains worried that other EC countries may be tempted to follow the British model, either engaging in competitive devaluations or floating their currencies outside the European exchange rate mechanism. This week's forced devaluations of the Spanish peseta and the Portuguese escudo seemed

to confirm Mr Delors' fears. Mr Delors recently declared that Europe faces a choice between survival and decline. What he is really saying is that his own legacy - eight years during which he has been by far the most impressive Commission president in history - is at risk. This means the single market; the Emu programme; the Delors II spending package to bridge the gap between the richer north and the poorer south; and lastly the social policies which Mr Delors fought for in the Maastricht negotiations. These policies, he insists, are the price which EC member states must pay if their citizens are to be persuaded of the economic sacrifices necessary to create a single European currency.

Ever since the first Danish referendum last June, Mr Delors has been forced to come to terms with a painful political fact - the national debates on Maastricht, notably in his native France, have opened up a huge gap between what the 12 EC governments were able to agree and what European public opinion is able to accept. Narrowing that gap is the greatest challenge of his remaining 18 months as president.

The Delors study on Europe's unemployment crisis is partly an attempt to bridge the gap, to make the Community more relevant to its citizens. The main focus will be on job creation, partly through better training, a more efficient use of the EC budget (£4.74bn) social funds in Brussels, and new fiscal incentives for keeping people in work.

On the question of French presidential ambitions, Mr Delors is keeping his options open. But those who know him suggest that he is unwilling to have a straight fight with Mr Michel Rocard, the Socialist party's standard-bearer. "Only if Rocard clearly leaves, will Delors enter," says one EC official.

This may reflect a lack of killer instinct, a curious failing in a politician as successful as Mr Delors. It could be the greatest obstacle to a comeback.

Lionel Barber

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Victim of a class action

Social divisions are alive and damaging the Tory party, say Philip Stephens and Ralph Atkins

If there is an attitude calculated to rouse the fury of Mr John Major it is the condescension born of class-consciousness. So when Sir Norman Fowler this week launched a public attack on the sniping from the "patrician tendency" at Mr Major's premiership, the Conservative party chairman was speaking with his master's voice.

According to Sir Norman, in his speech to the Scottish Tory conference, Mr Major had fallen victim to the prejudices of the self-appointed guardians in the press of Britain's traditional class structure.

Put bluntly, the critics symboised "everything" that brought this country low during the years before 1979 – the class division, prejudice and a wholly blinkered and outdated view of the world".

The immediate occasion of Sir Norman's attack was an article in *The Times* by Lord Rees-Mogg which concluded in less-than-subtle terms that the beleaguered Mr Major had been promoted above his station.

In tones reminiscent of an era when *The Times* was ironed by a butler before being presented to the master of the house, Lord Rees-Mogg said that Mr Major's natural place in politics was in the post of deputy chief whip rather than in Downing Street.

Mr Major was enraged. For him the article was the latest in a series of personalised attacks which went beyond legitimate criticism of a long list of government mistakes. He was being vilified not simply for getting it wrong but because he had not been born into the ruling class.

Alongside Lord Rees-Mogg the targets of his anger are a group of journalists at *The Sunday Telegraph* and *The Spectator*, both owned by the Canadian entrepreneur and ardent admirer of Lady Thatcher, Mr Conrad Black.

At the top of Downing Street's roll of shame are Mr Charles Moore, the editor of *The Sunday Telegraph*, Mr Simon Heffer, the deputy editor of *The Spectator*; Mr Frank Johnson, a *Sunday Telegraph* columnist; and Mr Noel Malcolm, a *Spectator* leader writer.

If there is a common thread to be drawn between them – aside from their allegiance to Mr Black – it is an image of England and the United Kingdom shaped by past greatness rather than present-day mediocrity.

They tend to be high Anglicans, although some may join the Church of Rome to protest the ordination by Canterbury of women priests. Dr George Carey, the Archbishop of Canterbury, is bracketed alongside Mr Major as a man who has risen too far.

More important, their attachment to history and tradition has made them passionate opponents of the Maastricht treaty. England, the mother of parliaments, possesses still a political system and culture far superior to those across the channel.

Mr Moore, who confesses publicly to membership of the "highly-educated upper middle classes", expanded his views in an article in *The Spectator* this week under the headline: "People find it embarrassing that this man is prime minister."

The style of Mr Major, judged "the most democratic prime minister in our history", was contrasted with that of the "tall and distin-

Asil Nadir preferable to administrators in running company he created

From J C H Rhys-Burges.

Sir, Given the endemic prejudice and hostility in Britain against Mr Asil Nadir, the absence of any balanced account in our press as to the reasons behind Mr Nadir's flight to northern Cyprus was perhaps only to be expected.

However, the plea from Polly Peck administrators ("Administrators call on Nadir to help strike deal on assets", May 13) for Mr Nadir to co-operate in the further dismemberment of the company he created is breathtaking in its audacity and hypocrisy.

It is alleged Mr Nadir has misappropriated £30m of company funds, precipitating the crisis which led to the appointment of administrators. Yet, to date, the administrators have taken for themselves and their lawyers at least £1m in fees.

From your report, the rump of Polly Peck's assets in Turkey and Cyprus would appear to have been owned through intermediate offshore holding companies which are strictly

unaffected by the parent company's insolvency and of which Mr Nadir is either still a director or would seem to retain some measure of control.

If this means these compa-

nies can now be wrested from the grasp of the administrators, I am sure I would be one among many Polly Peck share-

holders who would welcome it.

While there may be some doubt about Mr Nadir's stewardship of Polly Peck's assets, what is in no doubt at all is that UK insolvency law is a recipe for its practitioners to plunder an insolvent company's assets with impunity.

Given a choice, I would on balance prefer our company to be run by the man without whom it would not have existed, than by people who create nothing, contribute nothing and do nothing except to trade for their own profit in the misfortunes of others.

J C H Rhys-Burges,
Lloyd's Register
Aeroglypten,
Butlins Wells, Powys LD6 4TW

Europe's obsolete HDTV dream

From Mr Gerry Hinde.

Sir, Thank you for your common-sense leader regarding high definition television standards for Europe ("High-cost TV", May 13).

Let's be absolutely clear. The prospects for a MAC-based future for UK broadcasters died on the day BSB merged with Sky. With developments

in the digital transmission domain developing space, it is obvious that the technology is as wrong for Europe as the motives for establishing standard were misguided.

We talk optimistically about government efforts to reduce the level of funding given to HDTV standards; but with nations across Europe so obvi-

ously strapped for cash there is

absolutely no benefit in propelling up this obsolete dream any longer. One more penny in extra funding is too much.

Gerry Hinde,
editor,
The Independent Electrical
Retailer,
Farnham Road,
West Liss, Hampshire

qualities of the drums.

I appreciate that two hours of Japanese influenced rhythms may not appeal to everyone, yet despite the power of the drums, which at times seemed to re-regulate your heartbeat, none of the other members of the audience, including a number of children, seemed to be remotely disturbed.

Reviews should be objective, but to intimate that this perfor-

Proper bonus

From Mr David Acland.

Sir, As a private shareholder I am fed up with company directors misappropriating my money. Inflated salaries and pensions are a scandal.

Very few companies are justifiably in paying their chief executives base salaries over £250,000, and medium and small companies considerably less. There is, however, general approval of properly constructed performance-related bonus schemes in addition to base salary. These should require the bonus, after deduction of tax at the marginal rate, to be invested in the companies' shares and held by trustees for five years before being handed to the beneficiary. This would restore identity of interest between management and shareholders. On this basis good luck to management and may they prosper.

David Acland,
5465 Marine Drive,
West Vancouver,
BC, Canada V7W 2R2

James McAuley,
VAG (United Kingdom),
14 Abbey Road,
Bradwell Village,
Milton Keynes,
Buckinghamshire MK13 2AL

Compact discs: consider other cases of over-pricing – and a market at work

From M J Patrick.

Sir, If we are to have a campaign against the restrictive practices which cause over-pricing, why start with compact discs? ("OFT may refer compact disc industry for inquiry", April 30, Leading Article and subsequent articles)?

The costs of allegedly overpriced CDs pale into insignificance when compared with the effects of many government-endorsed schemes.

Why not look first at motor vehicles (restrictions of Japanese imports) or food (the Common Agricultural Policy)? After all, these represent a more significant and essential part of most people's daily expenditure. CDs are a luxury, no one has to buy them.

M J Patrick,
5465 Marine Drive,
West Vancouver,
BC, Canada V7W 2R2

From Mr Selwyn Ward.

Sir, As the present contro-

versy over transatlantic CD

prices illustrates that markets can play strange tricks.

The canny shopper in New York can pick up video equipment for little more than half the UK price. Visitors to Tokyo though will be shocked to find the very same equipment – in its country of manufacture – selling at virtually double the UK price.

Few of the goods which we buy and sell have an intrinsic unit value which approaches the retail price in any market. That being the case, it is unsurprising that goods (CDs included) will sell at whatever price the local market will bear. This may be good news for the British record industry, but it is only an example of the consumer voting with his cheque book.

That, surely, is what is meant by a market economy. Selwyn Ward,
Optical World,
200 London Road,
Southend-on-Sea,
Essex SS1 1PJ

System under strain yet again

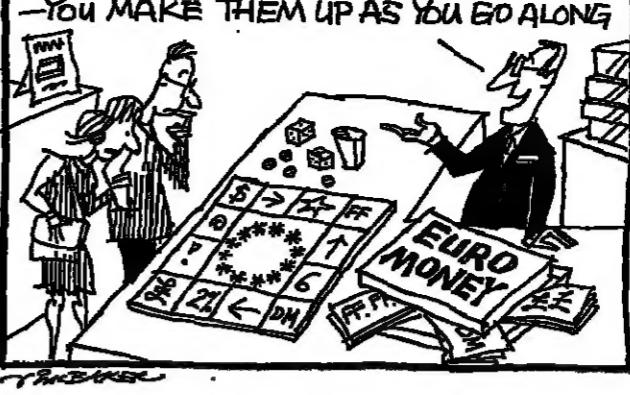
David Marsh and Peter Norman answer the questions you have always wanted to ask about the workings of the ERM

Where EC exports go

	Hard*	Soft**	Rest of World
Belg/Lux	56.6	18.3	25.1
Denmark	35.8	16.6	45.6
France	32.5	30.2	37.3
Germany	30.6	23.8	45.6
Netherlands	55.3	20.8	23.9
Ireland	35.2	39.2	25.5
Italy	42.2	15.6	42.2
Portugal	44.2	30.9	24.9
Spain	44.0	27.1	28.8
UK	39.1	17.2	43.6
Greece	36.3	27.8	35.8

Hard countries: Belg/Lux, Denmark, France, Germany, Netherlands
Source: OECD based on 1992 figures

THE RULES AREN'T MISSING – YOU MAKE THEM UP AS YOU GO ALONG



aggressive US-based hedge funds seeking big profits.

What does all this mean for European economic and monetary union?

Emu becomes still more uncertain. The monetary turbulence since September has been accompanied by a sharp deterioration of the real economy in most EC countries. Only Luxembourg is fulfilling the tough economic convergence criteria laid down in the Maastricht treaty as a precondition for EC states to take part in Emu. Because of this divergence, Emu by 1997, the first date for union named in the treaty, is highly unlikely. The hard core may be ready for union by 1999. But if they go ahead it will simply confirm that the EC is developing at two or more speeds.

Is there any chance that France and Germany will agree to form monetary union on their own?

A possibility often mooted and often denied by Paris and Bonn. A Franco-German monetary union would be incompatible with Maastricht and the Treaty of Rome, setting up the EC. But the two countries are certain to extend existing co-operation and could jointly dominate an eventual union of the hard-core countries.

What has Europe learned from recent monetary crises?

Governments and central banks have been forced to take a more realistic view about the possibilities for maintaining parities of currencies viewed by the markets as overvalued. Spain's decision to give up the fight against the speculators again highlighted the difficulties dogging the Maastricht process. The upset could strengthen the case of those who say Emu can only work if there is a speedy locking of currency rates of the "hard" EC countries. But this would require renegotiation of the Maastricht treaty. A single European currency and central bank look a long way away.

Robert Thomson examines the viewpoints at this week's international whaling conference in Kyoto

Culture clash creates an endangered species

Small countries with a marginal interest in the whaling issue raised their hands in tandem with Tokyo, prompting allegations, denied by Japan, that votes were bought with aid money. And countries with clout, such as China and Russia, were reluctant to disagree openly with the US, which has taken the strongest anti-whaling stance and departed from the principle of "sustainable development", the controlled harvesting of natural resources.

The Japanese interpretation, coloured by a fondness for seeing the country as a victim, is that a political conspiracy unfairly targeted the country's "whaling culture", setting in motion an influential environmental movement, represented in all its varied forms at the IWC's annual conference this week at Kyoto.

Popular as this theory is in Japan, it tends to ignore the rapid depletion of the world's whale population,

mostly at the hands of large, aggressive companies and not, as popularly portrayed, by feisty fishermen in rickety boats. But the explanation does highlight that whales, slaughtered for oil, bone and flesh, have provided a rich political harvest.

Political hustling, more than international co-operation was on display in Kyoto. The IWC gathering was a forum spiced with conspiracy theories, insults, rumours and vested interests, including those of Japan's far-right wing groups which appeared in military-style uniforms to emphasize their role as cultural defenders.

The 34 countries, which had gathered to draft a scientific framework for whale management, were swayed as much by the latest opinion polls back home as by the hard statistics on whale stocks. The UK representatives were aware that the whaling issue produces "mail bags of letters", and the Norwegian delegation came armed with the threat that the country's fishing boats were in the water, ready to resume the hunt.



All at sea: the Kyoto conference was spiced with insults and rumours

ing a loophole in regulations limiting the number of boats which could be dispatched from Japan. In 1993, the anti-whaling nations, in the majority, are purposefully slowing debate on the IWC to block a return to commercial whaling, effectively banned in 1987.

But the IWC consistently failed to turn the early recognition of threat into a coherent protection plan, balancing the survival of the species with commercial harvesting. The Kyoto conference continued the decades-old debate on a workable plan, drafting a "revised management scheme" (RMS) to supersede a "revised management programme", which replaced a "new management procedure" in 1982.

In the past, whaling nations liberally interpreted these guidelines to protect their influential fishing industries. For example, in 1983, Japanese companies opened four land-based fishing stations in Antarctica, exploit-

ing the anti-whaling nations succeeded in adding a proposal for a whale sanctuary in the southern oceans to next year's agenda. The UK, which best reflected the views of the anti-whaling group, explained that the government "cannot even contemplate" an end to the ban until "we are fully satisfied about whale numbers, a management structure, and the humanness of killing methods".

Responding to that argument, the Japanese delegation called for advice on how to run a "fox-hunt humanely" and how to "kill kangaroos humanely" in Australia.

But the Japanese and Norwegian representatives were most annoyed

by the US, which dropped the pretence of stalling on scientific grounds and opposed commercial whaling under any circumstances, reflecting the tougher line on environmental issues taken by the Clinton administration.

The US stance surprised some anti-whaling nations, as it is a departure from the old debate over designing the right scientific model to chart whale numbers and set appropriate catch quotas. It also departs from the concept of sustainable development, and gives primacy to politics on the grounds that, as the US delegation put it, "we found no support among the US public or Congress for the resumption of commercial whaling".

By crossing the line of sustainable development, the US, which has done much of the most useful research work on whaling, raises the possibility that other environmental debates will be redirected to the political playing field, with science a mere spectator. It also leaves the US open to criticism that in protecting biodiversity, it is ignoring cultural diversity.

A Chinese delegate said the US statement was "unfortunate" and would be interpreted back in Beijing as a "kind of imperialism" as the IWC's scientific committee has found no reason to continue a ban on limited harvesting around the Antarctic and in the north Atlantic. And Japanese delegates were quick to interpret the decision as evidence of the cultural prejudices of beef eaters.

When the conference closed last night, the Norwegian and Japanese governments were hinting that they would withdraw from the IWC, and the fishermen outside complained that the commission was "inhumane to whales, inhumane to people". For the IWC, the most pressing issue may no longer be sustainable development, but sustainable relations.

Perfection and emotion of Kodo Drummers

From Mr James McAuley.

Sir, Given a choice, I would on balance prefer our company to be run by the man without whom it would not have existed, than by people who create nothing, contribute nothing and do nothing except to trade for their own profit in the misfortunes of others.

Perfection and emotion permeate the entire performance, and the solos that use "traditional instruments" such as flute and shamisen only serve to highlight the truly musical qualities of the drums.

I appreciate that two hours of Japanese influenced rhythms may not appeal to everyone, yet despite the power of the drums, which at times seemed to re-regulate your heartbeat, none of the other members of the audience, including a number of children, seemed to be remotely disturbed.

Reviews should be objective, but to

COMPANY NEWS: UK

Rights issue expected from BA

By Paul Betts,
Aerospace Correspondent

BRITISH AIRWAYS is expected to launch a rights issue on Tuesday to raise up to £400m when it reports its financial results for the year to the end of March.

The capital injection is aimed at strengthening the balance sheet following BA's recent series of strategic investments in other carriers at a time of difficult trading in the airline industry.

BA is also likely to report a sharp fall in pre-tax profits for its 1992-93 financial year. Analysts are forecasting profits of between £160m and £200m, compared with £284m the previous year.

The decline reflects the pressures the airline has faced from increased competition and the recession which has lasted longer than expected.

However, BA has continued to buck the general airline industry trend. The majority of its main competitors have reported heavy losses this year.

Western airlines have lost more than \$10bn (£5.4bn) on international scheduled services in the last three years, according to recent International Air Transport Association figures.

Losses for Europe's biggest airlines increased to \$1.35bn last year from \$1.1bn in 1991, the Association of European Airlines, the trade organisation grouping 23 European carriers, said yesterday.

At the same time, BA has pursued its expansionary strategy to become a global airline by acquiring stakes in USAir, Qantas of Australia, TAT of France and a regional German carrier. It has also absorbed the operations of Dan Air, the UK regional carrier, and agreed this week

to take over the Plymouth-based Brymon regional carrier.

BA last night declined to comment on the rights issue, saying only that it constantly kept its financial position under review.

The cash call would help fund the total of between £500m and £600m BA is investing in its strategic airline partnerships and reduce gearing, which stood at 46 per cent at the end of the third quarter.

The airline boosted its balance sheet last year with an after tax gain of £140m from the sale of its aircraft engine overhaul plant in Wales to General Electric of the US.

It also raised £320m from a convertible capital bond issue four years ago when it planned to invest in a stake in United Airlines before the deal with the US carrier collapsed.

Sheffield makes £52.9m acquisition

By Catherine Milton

SHEFFIELD Insulations Group, the supplier of insulation products and services, is to more than double in size by buying WMS Group for £52.9m, funded with a £49.9m rights issue.

WMS makes fittings for plastic windows and doors.

The 3-for-2 issue, priced at 185p, will reduce the roughly 54 per cent holding of the Adsets family - who will not take up the entitlements to about 20 per cent, making the stock more marketable. Sheffield's shares rose 5p to 186p.

More than 50 institutions had yesterday contacted brokers Panmure Gordon. The

issue, which is fully underwritten by Samuel Montagu, was more than twice oversubscribed, a spokesman said.

Sheffield, which lifted profits by 96 per cent to £2.95m in 1992, said capital gearing of 41 per cent would be less than 10 per cent following the deal. It expects to maintain the interim dividend at 18p and will propose a same again final of 36p.

Pre-tax profits at WMS, whose products include knobs and locks for PVC-u windows and doors, increased from £1.95m to £2.03m in the year to August 1992 on turnover of £27.5m (£18.5m). The consideration, to be satisfied with 24.7m cash and £5.8m in shares, is based on warranted

pre-tax profits of £6.5m for 1993.

WMS, which planned to float until owner Mr Joe Moore decided to sell instead, has net assets of £11.1m, no borrowings and positive cash flow. The company received three bids.

Mr Moore will hold 8 per cent of the company and has undertaken not to sell his stake for a year. He has signed a 12-month service contract with Sheffield. Mr David Kent, WMS chief executive, will join Sheffield's board.

About 65 per cent of the value of WMS's turnover is manufactured, to the company's designs, in the Asia Pacific region, where wage costs average between 20p and

Unilever rises 7% in first quarter

By Angus Foster

UNILEVER, the Anglo-Dutch consumer products company, yesterday reported first quarter profits slightly below expectations and said its US sales were affected by tight competition.

Pre-tax profits increased 7 per cent from £283m to £242m in the three months to March 31. The results were affected by sterling's weakness against the comparable period. Unilever said net profits, after tax and minorities, increased 21 per cent in sterling terms but only 2 per cent in guilders.

Turnover increased 8 per cent to £6.03bn, including a £12m gain from acquisitions. Operating profits increased 6 per cent to £243m.

European operating profits fell £1m to £269m, which included unexplained exceptions of less than £10m.

North American profits increased 6 per cent to £181m. They were adversely affected by increased marketing costs and a £1m charge for post-retirement health care benefits, following a switch to the accruals basis of accounting.

The switch is likely to cost £20m for the full year.

Interest costs fell slightly from £39m to £31m, reflecting lower interest rates and a fall in net borrowings from £1.7bn to £1.6bn. Earnings per share were 15.8p (13.09p). See Lex

Lonrho signs contract for £27m sale of The Observer

By Roland Rudd

LONRHO yesterday said it had signed a contract to sell The Observer newspaper for £27m to the Guardian and Manchester Evening News. The payment will be spread over two years.

The international trading group has also undertaken to indemnify the purchaser of up to £5m in respect of redundancy costs incurred as a result of the sale.

The Observer made a net loss of £8.7m in the year to September 30 1992 compared to a deficit of £14.9m.

Mr Jonathan Fenby, The Guardian's deputy editor, is to replace Mr Donald Treford as editor of Britain's oldest Sunday newspaper. He and Mr Peter Preston, editor of The Guardian, plan to address The Observer's journalists on Tuesday when they will be questioned about redundancies.

A Guardian executive yesterday said the £5m indemnity did



Donald Treford: being replaced as Observer editor

not mean that it planned big redundancies but would not comment further.

Mr Michael Heseltine, trade and industry secretary, said he was considering an application for consent to the transfer of The Observer newspaper with

out a Monopolies and Mergers Commission inquiry. He invited comments from interested parties by May 21.

A transfer of ownership to GMEN requires the permission of the DTI under the provisions of the Fair Trading Act relating to newspaper mergers.

Lonrho said the proceeds of the sale would be used to fund the redundancy indemnity, the residual net liabilities of The Observer Limited and subsidiaries and to further reduce overall borrowings of the group.

The deal represents a compromise between Lonrho's two joint chief executives, Mr Dieter Bock, who was determined to sell The Observer, and Mr Tiny Rowland, who has twice blocked attempts to sell it in the past year.

Since the sale was announced Lonrho's share price has risen by 29% to 117.4p, mainly reflecting the fact that the group has sold its biggest loss-making asset.

SMS reverses into Osprey

By Peter Pearce

SHARES IN Osprey Communications, the marketing services and advertising group temporarily suspended on Thursday at 26p, yesterday jumped 6.5p to 32.5p following news that SMS Communications Group had reversed into it.

Osprey will allot 4.5m ordinary shares of 25p and pay £500,000 in cash to the vendors - a total value of £1.63m. Osprey is also to launch a rights issue on a 1-for-3 basis to raise £1.3m net.

SMS is headed by Mr Jack Rubins who was previously chairman and chief executive of Dorland, the UK's second biggest advertising agency and a Saatchi & Saatchi subsidiary, and group chairman of McCann-Erickson, the US

advertising group.

On completion of the current deal, Mr Rubins will become chairman and chief executive of Osprey, replacing Mr John French, who will retire. Furthermore Mr Rubins will have a personal stake of about 21 per cent - and consequently effective control - of the new Osprey.

Completion, however, hinges on the successful disposal of Osprey's marketing services side to its management for an initial £2m cash and a deferred £200,000 depending on post-tax profits and assets at May 31.

Osprey left the division had not managed sufficient growth in its main tourism and travel markets as a result of the squeeze on client budgets and "increasingly competitive conditions". It was expected to make a loss in the current

year. Consequently, Osprey needed to revert to its advertising core.

Also, it can safely be assumed that Mr Rubins would not want involvement with a company with anything more than negligible gearing. The proceeds of the rights issue and the disposal will all but wipe out Osprey's short-term borrowings and will enable it to pay the cash element of the SMS acquisition.

Some 60 per cent of SMS' business in the year to October 1992 derived from its BSkyB billings. It is thought that Mr Rubins would not have reversed into Osprey without assurances from the satellite TV service that the account would stay put. It is thought that BSkyB will account for about 15 per cent of the new Osprey's billings.

BT defends payment of chairman's bonus

By Andrew Adonis

DESPITE a 36 per cent fall in annual pre-tax profits, British Telecomcommunications announced on Thursday an unchanged "performance-related" bonus of £20,000 for Mr Iain Vallance, its chairman, prompting questions about how the bonus was calculated.

BT said bonuses are set by a remuneration committee chaired by Mr Paul Bonneton, a non-executive director. The committee "looks at a range of considerations reflecting operational as well as financial achievement against the targets that have been set".

The committee decided that last year "saw a strong management performance, in particular delivering a good quality of service to customers while cutting costs". Furthermore, "the profit figures were affected by a number of special charges, particularly the cost of the redundancy programme".

BT's recent quality of service report showed standards maintained or improved in most areas. Its voluntary redundancy programme cost it £1.05bn over the year, and its profits had to bear a further £183m for the repurchase of government bonds and for losses on the sale of subsidiaries. Add that back in and pre-tax profits were 3.9 per cent up the previous year.

On the other hand, turnover was 0.7 per cent down, volumes for inland calls were static, the company lost about 2 to 3 percentage points of market share.

Job losses yielded an 8.1 per cent fall in gross staff costs so that without a single redundancy, profits would still have been sharply down.

Executive pay, Page 8

Stake sale helps The Telegraph double to £19m

The Telegraph newspaper group, publisher of both the Daily and Sunday Telegraph, reported pre-tax profits doubled at £19.1m in the three months to March 31.

The result was helped by a 26.5m surplus on the sale of its 13 per cent stake in the limited voting stock of Trinity International Holdings. There was also £1.9m (£240,000) from interests in associates.

A higher tax rate resulted in a charge this time of £6.8m (£2.8m) leaving earnings per share of 9.1p (5p).

The company said that the effective tax rate for the present year would exceed the standard rate of UK corporation tax because the rate applicable to John Fairfax Holdings in Australia was higher.

The company holds a 14.7 per cent stake in Fairfax and on Thursday bought options which if exercised would raise the holding to 15.3 per cent.

Turnover for the period was £62.4m (£58.6m).

Changes to FT London Share Service statistics

WITH EFFECT from next Tuesday, readers of the London Share Service pages will start to notice a capital "N" against the names of some companies.

The symbol indicates that the version of the company's earnings used in the FT's price/earnings ratio and other statistical calculations have been changed to the "headline earnings" formula devised by a sub-committee of the Institute for Investment Management & Research (IIMR) and proposed in draft form in early March.

The FT has chosen the formula proposed by IIMR because it represents the broadest available consensus on a "single number" treatment of earnings. Although still subject to final review it constitutes the considered response of the institutional investment community to the adoption by the Accounting Standards Board of Financial Reporting Standard 3 on corporate earnings (FRS 3).

UK companies will not be required to report their results in line with FRS 3 until after June 22. Many have already done so, however, and the Financial Times has been taking full account of this for the past three months in its company reporting.

We believe the number of companies complying with FRS 3 is now large enough to justify using a new basis for earnings wherever it is required for statistical purposes.

The aim of the IIMR headline earnings formula is to include a company's actual activities during the reporting period, including those activities which have been with the company only for part of the period. Key features are:

- All trading profits/losses are included in the earnings number. Items which are abnormal in size or nature are included but should be flagged.
- Profits and losses on the sale of fixed assets or of businesses should be excluded. This does not apply to assets acquired for resale, such as marketable securities.
- Profits and losses arising in activities discontinued at some point in the period, or in activities acquired at some point in the period, should remain in the earnings figure. Costs of eliminating discontinued operation, or of making an acquisition, are excluded.

Although it will be surprising if we do not encounter difficulties with some individual companies' figures, we are confident and robust basis for the statistical calculations on which FT readers rely.

Further information on the FT's treatment of earnings is available from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

BM distribution arm up for sale

By Peggy Hollinger

BM GROUP, the engineering concern in refinancing talks with bankers, is preparing to shed all or part of its global distribution business in an attempt to reduce the more than £105m debt.

The group, which has negotiated finance facilities until next month with a consortium of 11 banks, is in talks with up to five parties. Discussions ranged from an outright sale, dilution or the formation of joint ventures.

BM is understood to be talking to several Japanese companies, including Hitachi, Marubeni - a trading house

linked to Komatsu - and Tadano. These three groups are already joint venture partners in BM's Australian distribution business.

Executives of the group's UK distribution businesses are also seeking to organise a management buy-out of the European operations.

Mr Howard Sutton, chief executive, denied that the banks had forced a sale. "It is our intention and requirement to reduce the borrowing levels," he said. "There is no time-scale."

BM distributes construction equipment around the world for manufacturers such as Hitachi, Komatsu and Ingersoll

Tadpole moves back into the black

By Alan Cane

TADPOLE Technology, the high technology group, made a profit in the first six months reversing the trend of earlier years.

Before tax the figure for the half year to March 31 amounted £28.800 compared with a deficit of £1.4m a year ago. Turnover rose from £4.6m to £8.9m and the order book at period end stood at £2.5m.

Earnings per share of 0.3p compared with previous losses of 16.9p. The group, based in Cambridge in the UK and Aus-

tralia, is not paying a dividend following the practice of high technology companies in the US which rarely pay dividends in their early years.

The shares closed 2p down at 30p, but Mr Robert Booth, finance director, said there had been speculative buying in the weeks leading up to the interim results and the price was now back at its usual level.

Tadpole moved from the over-the-counter market to a full listing in December last year at 65p a share and swiftly shot up to the 30p mark.

Tadpole is a specialist in

printer circuit board design and manufacture. It has managed to combine the elements of a Sun Sparc work group station - the workhorse of technical computing - in a notebook-sized package called the Sparcbook.

Mr George Grey, chief executive, said the results reflected growth of Sparcbook sales coupled with a good performance from the printed circuit board division.

The directors intend to appoint US financial advisers with the objective of moving towards an ADR listing.

The closures will leave Hill Samuel with offices in London, Glasgow and Birmingham.

NEWS DIGEST

said the reduction in turnover reflected the shorter reporting period and a fall in the number of accounts served.

A maintained final dividend

INTERNATIONAL COMPANY NEWS

Petrofina plans BFr10bn asset sales and job cuts

By Andrew Hill in Brussels

PETROFINA, the oil group which is one of Belgium's largest industrial companies, is to cut further jobs across all sectors and sell BFr10bn (\$30m) of assets in an effort to improve profitability.

Mr Francois Cornelis, the group's vice-chairman and managing director, told shareholders at yesterday's annual meeting that this was not a pleasant task but would substantially improve the performance of the company.

Petrofina was forced to cut its dividend this year for the first time since 1959 after consolidated profits fell by 72 per

cent, from BFr16.3bn in 1991 to BFr4.6bn in 1992, hit by low crude prices and the unfavourable dollar exchange rate.

At a press conference before the shareholder meeting, Mr Cornelis said personnel would be reduced by about 5 per cent this year - a cut of more than 750 jobs out of a workforce of 15,490 at the end of 1992. The number of employees has already come down from 17,311 in 1991.

The cash earned from asset sales will include money already raised from the sale of shares in Tractebel, the Belgian utility company, plus the sale of undeveloped reserves in the North Sea and US reserves,

which are proving slow to bear fruit.

Mr Cornelis told shareholders that profits for 1993 should improve on 1992 if the price of crude oil and gas remained stable.

First-half net profits are likely to be roughly the same as in 1992, when they reached BFr4.16bn, in spite of a strong improvement in refining and petrochemical margins over the last month.

Petrofina has been at the centre of takeover speculation in the last few months. Shareholders approved a series of proposals aimed at strengthening the group's takeover defences.

Nissan Iberica losses deepen

By Kevin Done, Motor Industry Correspondent

LOSSES at Nissan Motor Iberica, the Japanese carmaker's Spanish subsidiary, rose sharply to Pta11.1bn (\$39.7m) in the first three months of the year from Pta1.2bn in the corresponding period a year ago.

Nissan Motor confirmed yesterday that it is to inject Pta5.02bn in new equity capital to strengthen the balance sheet of the majority-owned Spanish subsidiary.

The new equity will raise Nissan's holding in Nissan Motor Iberica from 67.7 per cent to 70.3 per cent.

Nissan Motor Iberica, which suffered a loss of Pta14.37bn in

the whole of 1992, said turnover had fallen by 22 per cent in the quarter to Pta32.3bn.

Sales volume, including domestic sales and exports, also fell by 22 per cent to 18,552 units.

Nissan Iberica has been hit hard by the drastic fall in demand in Spain, where sales of commercial vehicles declined in the first quarter by 40 per cent and car sales by 37 per cent from a year earlier.

As part of a series of restructuring measures aimed at reducing losses Nissan Iberica said that it was seeking:

- to cut costs in vehicle assembly by 15 per cent this year and by 10 per cent a year in both 1994 and 1995;
- to reduce overhead costs "drastically"; and

• to cut its indirect and salaried workforce by around 600 jobs or 15 per cent.

The company's financial performance has also been burdened by heavy investments in the development of new products and in the modernisation of plant and equipment in the last two years totalling around Pta100bn.

Nissan is seeking to transform the offshoot from its role as a maker of light and medium duty commercial vehicles chiefly for the domestic market into a producer of niche passenger vehicles to be sold across Europe.

Nissan Motor Iberica expects production to rise to around 50,000 this year and to 130,000 in 1995 from 77,000 in 1992.

John Fairfax well ahead at nine months

Improvement for ANZ in first six months

By Amelia Tagge in Melbourne

JOHN FAIRFAX, the Australian publishing group in which Mr Conrad Black and Mr Kerry Packer have significant holdings, boosted profits before tax and interest by 30 per cent to A\$10.95m (US\$8.3m), in the nine months to mid-March, Reuter reports.

Fairfax, relisted on the stock exchange a year ago, said there were no formal comparative figures but thought it appropriate to compare results. Net profit was A\$4.7m. Advertising and circulation revenues rose while costs were held at about 1992 levels.

Operating revenue rose to A\$66.01m from A\$59.24m in the same period last year.

Mr Black's Telegraph owns 15 per cent of Fairfax and has government approval to move to 25 per cent. Mr Packer controls 10.45 per cent.

back to profits after the problems of 1991-92," he said.

Net profit was helped by a reduction in the provision for bad and doubtful debts to A\$37.7m. During the previous six months ended September 1992, provision for bad debt was A\$12.6m.

There was overall improvement in the performance of the group's divisions, with the Australian business banking operations reducing losses to A\$43.5m from A\$73m in the same period last year. Esanda, the financing arm, turned around from a loss of A\$33.8m to a net profit of A\$13.4m.

International banking suffered a slight setback, with net profit in the division declining to A\$8.2m from A\$9.4m.

Non-accrual or problem loans have fallen to A\$2.73m from A\$3.53m since the end of the financial year.

The announcement is the latest in a series of moves by the US company to step up its threads into the Asian market.

Disposals help trim deficit at Pirelli

By Haig Samsonian in Milan

PIRELLI, the Italian tyres and cables manufacturer, took a further step towards recovery yesterday with a reduced group net loss of Lire16.9bn after minority interests for 1992, down from Lire16.6bn in 1991.

The figure for 1991 has been adjusted for disposals made as part of Pirelli's policy of selling its non-core diversified products division. Group sales rose slightly to Lire2.25bn from Lire1.45bn, while losses at the parent company level shrank to Lire1.2bn from Lire4.6bn.

A substantial part of the loss reduction stemmed from extraordinary gains on the sales of activities within the diversified products division.

However, Pirelli's basic operating performance also picked up, thanks to heavy industrial restructuring, which reduced the number of its factories by 12 to 90 and sliced the workforce by 6,000. Operating profits rose by about Lire100bn to Lire75bn, in spite of Lire9bn in additional depreciation charges.

The company, which is again passing its dividend, warned that market conditions remained very difficult and repeated its commitment to continued restructuring to improve competitiveness.

Recent disposals of non-core activities and the group's shares and option rights in Continental, the German rival Pirelli tried to take over in 1990-91, will produce a one-off gain of about Lire150bn and reduce debts by about Lire600bn in the first-quarter profits to

extraordinary items stemming from the asset sales produced a net gain of Lire134bn in 1992, helping to lift group net earnings before restructuring charges to a profit of Lire1bn.

Sales rose 27 per cent to Lire5.27bn, thanks to the strong krona, but were down 3 per cent excluding exchange rate movements. Group orders rose to Lire5.65bn from Lire4.48bn.

Last year Sandvik reported a

Dresdner Bank profits up by 15%

By David Weller in Frankfurt

GROUP operating profits at Dresdner Bank rose by "around 15 per cent" in the first four months of 1993, Mr Wolfgang Röller, the bank's outgoing chief executive told shareholders yesterday.

At his last shareholders' meeting before Mr Jürgen Sarasin takes over as chief executive of Germany's second biggest bank, Mr Röller said that there had been "substantial" gains in the profits generated by own-account securities trading and fee-based services.

Commission income grew by 30 per cent, he said, while interest income remained steady over the four months. For the whole of 1992 total operating profits rose 13.1 per cent to DM2.81bn (\$1.7bn), as reported last month.

Mr Röller gave no figures for

the first third of the year but it is likely that total operating profits were in the region of DM1.1bn for the period. This is a 15 per cent increase on one third of last year's total profit - the format the bank traditionally uses to calculate profit increases for less than a full year.

Mr Röller said it was too early to draw definitive conclusions about the result for the year as a whole, although he said that from today's perspective profits would be "good".

He said the pattern of the early months was likely to be repeated over the rest of the year, with "restrained" growth in credit business offset by growth in fee-earnings business.

The figures confirm that the German banking sector has made a good start to 1993 after a record 1992, as indicated ear-



Wolfgang Röller, Dresdner's outgoing chief executive

lier this month when Commerzbank, Germany's third biggest bank, reported total operating profits up 25.2 per cent to DM651m

in the first quarter of the year.

The impetus for growth has come from good conditions in the German bond and equity markets rather than strong lending. Credit business has slowed down sharply, reflecting the delayed impact of the Bundesbank's tough interest rate regime as well as the deterioration in the economy.

Moreover, the operating profits disclosed by the banks take no account of the worsening credit environment in Germany, which is giving rise to higher provisioning for bad and doubtful debts.

• BHF, the Frankfurt merchant bank, reported separately that partial operating profits - excluding trading results - rose by 7 per cent in the first four months of the year.

Creditanstalt director resigns

By Ian Rodger in Zurich

MR RUDOLF GRUBER, a leading figure in Austrian business circles, has resigned as deputy chairman and a director of Creditanstalt-Bankverein, the country's second largest bank.

Mr Gruber, who is chief executive of Energie-Versorgung Niederösterreich (EVN), an energy utility, said he had stepped down because the necessary basis of trust between directors had been broken.

The move follows criticism of his role in an abortive hostile bid two weeks ago for control of Creditanstalt from a group of Austrian co-operative banks. Mr Gruber was accused of disloyalty to his colleagues for helping prepare the bid and not advising them of it.

He said yesterday he had acted in good faith, knowing the bank and the Austrian government were looking for investors to buy out the government's controlling stake.

He said he had only acted as an intermediary between the Raiffeisen Zentralbank and the Austrian minister of finance, Mr Ferdinand Lecina. Mr Gruber said that Mr Lecina had taken the responsibility for informing Creditanstalt directors.

Mr Gruber intended only to step down as vice chairman but when two motions were put to yesterday's Creditanstalt board meeting seeking his removal, he resigned from the board as well.

• Z-Länderbank Bank Austria, the country's largest bank, reports a 16 per cent rise in first-quarter operating profit to Sch909m.

Minebea slips into red and suspends payouts

By Robert Thomson in Tokyo

SANDVIK, the Swedish speciality steel and engineering group, stands by a prediction of improved results for 1993 following a 3 per cent rise in first-quarter profits to

SKr1.86m (US\$65.76m). The company, which made a 2 per cent profit for the same period last year, said sales rose 7 per cent to Y16.8bn, while pre-tax profit was 4 per cent higher Y4.17bn. It will suspend dividend payments for the first time since 1986.

Minebea is now paying the price for an erratic diversification programme which included a door-to-door cosmetics company, a semiconductor business, and pig farms, all of which proved unsuccessful.

Sales rose 27 per cent to SKr5.27bn, thanks to the strong krona, but were down 3 per cent excluding exchange rate movements. Group orders rose to SKr5.65bn from SKr4.48bn.

Last year Sandvik reported a

group conductor, to Nippon Steel should help to clear the balance sheet. First-half accounts included a special loss of Y54bn related to that sale.

The company is hoping that the recovery in stock prices and a recently announced government spending package will stimulate domestic spending, while it is benefiting from strong growth in the Chinese and other regional economies.

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Y1.2bn profit for the same period last year, said sales rose 7 per cent to Y16.8bn, while pre-tax profit was 4 per cent higher Y4.17bn. It will suspend dividend payments for the first time since 1986.

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group has agreed not to license or transfer the technology to countries where RPR already has a patent.

Baxter has also signed a contract to supply Rorer with Factor VIII.

In February, Rorer settled a long-running dispute with Miles, Bayer of Germany's US subsidiary, over Factor VIII.

Under the agreement, Baxter will pay Rorer \$105m for past and future sales of its Factor VIII blood-clotting product.

Rorer claimed in 1991 that Baxter had infringed its patents.

Baxter receives a non-exclusive worldwide licence to manufacture the treatment, but the

group has agreed not to license or transfer the technology to countries where RPR already has a patent.

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long-running dispute with Miles, Bayer of Germany's US subsidiary, over Factor VIII.

Terms were not disclosed.

A dispute with Chiron over the same product is still outstanding.

• Arès-Serono, the human fertility drug specialist, reports a 7 per cent slide in operating income to \$10.85m on sales

down 9 per cent to \$180.6m, writes Ian Rodger from Zurich.

Mr Fabio Bertarelli, chief executive, said the industry was being affected "by a variety of economic measures which are, in part, reducing healthcare assistance to the patient".

Net income from continuing operations increased by 1.9 per cent to \$16.9m or \$4.51 per share. Final profit of \$44.7m in the comparative year was enhanced by the \$23.1m proceeds from the sale of the group's over-the-counter busi-

ness to Chiron for \$175m.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Calm returns after realignment

TURBULENCE inside the European exchange rate mechanism subsided yesterday as the Spanish peseta and Portuguese escudo stabilised on the currency markets after their devaluations on Thursday, writes Sandeep Dool.

The D-Mark remained the focus of the market's attention, but pressures on both currencies remained slight. The Spanish currency, which was devalued by 8 per cent on Thursday, closed in London today at Pt27.61 against the D-Mark from a previous close of Pt27.63.

The Portuguese escudo, which was forced into a 6.5 per cent devaluation, ended the day at Esc96.35 against the US dollar from a previous Esc96.65.

However, some currency analysts already believe that this week's realignment will not staunch pressures on the Iberian currencies later this year.

Mr Keith Edmonds, Interna-

tional Economist at NatWest Markets, believes the real test of the devaluations is yet to come. He suggested that the devaluation of the peseta will prove to be "inadequate" if the Government hopes to reduce interest rates significantly.

Spain yesterday reduced its short-term interest rates by 1.5 per cent, to 11.5 per cent in the wake of the devaluation.

Mr Ian Cunnin, an economist at Chase Manhattan, disagreed. He expects the peseta to be well-supported at present levels, allowing further interest rate cuts.

He forecasts a 5 basis point easing in short term rates ahead of the election, and nominal rates at 10 per cent in the next few months.

The pound was sidelined by a lack of fresh news, and saw some late buying interest which allowed it to pick up more than a cent against the dollar, to close at \$1.385. It was up 4% yesterday against the D-Mark to close at DM2.4850.

Estimated volume: Mkt. Cal 4072 Pmt 1801

Previous day's open int. Cal 4069 Pmt 1801

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 4.30 pm on Thursday and settled through the Stock Exchange Talius system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1952

Treasury 12½% Sks 2003/03 - £130%

130% 130% Sks 2003/03 - £130%

Exchequer 10½% Sks 2005 - £1152 115%

115% 115% (11My93)

Corporation and County Stocks No. of bargains included 1

Hull Corp 3½% Std (1st Feb) - £265

1993-94 Std 2003/03 - £200

£177k (11My93)

Leeds City Cty 13½% Red Sks 2001 - £132

(11My93)

Merthyr Tydfil Cty 11½% Red Sks 2007 -

£1185 (11My93)

Nottingham Corp 3½% Std (1nd) - £30

(10My93)

UK Public Bonds

No. of bargains included 2

Agricultural Mortgages Corp PLC 17½% Deb Skt 91/83 - £295 (12My93)

Port of London Authority Corp Port of London & Skt 91/83 -

314% Skt 49/84 - £70 (12My93)

Foreign Stocks, Bonds, etc (coupons payable in London) No. of bargains included 118

Greece (National) 10½% 1941 Std Gdg Bds Bds 1985 - £230 (10My93)

A.M.P.(U.K.) Ltd 11½% Bds 2001 (Br Var) - £120 (11My93)

Abbey National Sterling Capital PLC 10%+

Subord Gld Bds 2001 (Br & Var) -

£102k (11My93)

10½% Subord Gld Bds 2002 (Br & Var) -

£101k (10My93)

11½% Subord Gld Bds 2003 (Br & Var) -

£101k (10My93)

Associated British Ports Holdings PLC 10%

Subord Gld Bds 2001 (Br & Var) -

£115k (11My93)

Associated British Ports Holdings PLC 10%

Subord Gld Bds 2002 (Br & Var) -

£115k (11My93)

Bartslays PLC 10½% Std 2000 (Br & Var) -

£100k (10My93)

Bartslays PLC 10½% Std 2001 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2002 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2003 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2004 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2005 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2006 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2007 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2008 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2009 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2010 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2011 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2012 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2013 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2014 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2015 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2016 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2017 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2018 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2019 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2020 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2021 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2022 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2023 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2024 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2025 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2026 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2027 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2028 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2029 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2030 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2031 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2032 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2033 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2034 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2035 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2036 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2037 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2038 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2039 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2040 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2041 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2042 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2043 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2044 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2045 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2046 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2047 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2048 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2049 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2050 (Br & Var) -

£115k (10My93)

Bartslays PLC 10½% Std 2051 (Br & Var) -

£115k (10My93)

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£115k (10My93)

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LONDON STOCK EXCHANGE

Equities easier in uncertain session

By Terry Syland,
UK Stock Market Editor

THE UK stock market rounded off a successful week yesterday with an uncertain session which left share prices little changed from the close of the previous day. London was again influenced by the New York market, easing at first following the fall in the Dow overnight but rallying towards the close when New York recovered 5 points early in its new session.

Concern over the international outlook deepened as Unilever shares reacted badly to first-quarter results which disclosed that, despite good profits overall, Europe and the US had lagged. Hopes for an early

Unilever fails to please

THE SIGNS OF hesitancy in the US economic recovery and renewed fears over the vulnerability of branded products combined to undermine Unilever, which yesterday unveiled first-quarter results at the bottom of market expectations. Analysts disclosed a swathe of moderate downgrades and reported cautiously on their meetings with the company management. The shares reacted accordingly, tumbling 50 to 164p in turnover of 3.7m.

Some observers said the disappointment was fuelled by recent positive reports from other US food groups, such as Nestle and Procter & Gamble. Bearish sentiment also extended to growing concerns about Unilever's European market being affected by recession, an issue linked to the declining margins the group reported for that area.

BOC wanted

Chemicals group BOC was marked up in early trading ahead of half-year results next week. The firmness was maintained as several securities houses reiterated buy recommendations.

The shares recorded a net rise of 17 to 893p following recent underperformance. However, the turnover of 1.3m shares was unremarkable and most of the rise was attributed to marketmakers covering short positions following buy orders on Thursday. That squeeze on the stock was con-

Account Dealing Dates		
Dealing Date	May 10	May 24
Option Dealing Dates	May 6	May 20
Last Dealings	May 7	June 3
Account Day	May 17	June 1
Next Day dealings may take place from 8.30am two business days earlier.	May 14	

cut in UK base rates appeared to fade somewhat in spite of a steadier performance by the sterling rate index.

Traders said that a number of sizeable clients were in the market, on both sides of the trading ledgers. BT, badly hit last night at 2,847, a net loss of 2.3 on the previous day, recovered strongly in good turnover, reflecting in part demand for utility-type stocks from the US.

solidated as S.G. Warburg changed its stance to hold from "long term reduce", arguing that profits could be as much as £185m after £162.7m last time, and NatWest reiterated its buy stance.

Allied tumbles

Drinks group Allied Lyons was marked back as old fears surfaced that a rights issue would accompany its results next week. Other factors also conspired to undermine the stock, including both the devaluation of the Spanish peseta and dull European results from Grand Metropolitan.

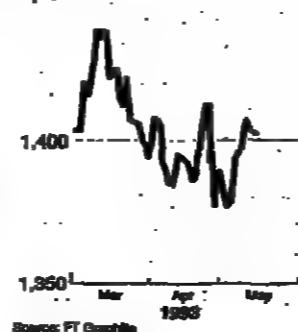
However, Mr David Thompson at Kleinwort Benson said that the devaluation would be beneficial to Allied and the rights issue story carried little credence. More cautious analysts argued that the Grand Met results – and those of other brewing groups this week – favoured a continu-

ation of an underweight stance across the sector. Cazenove was one broker said to have reiterated its bearish stance yesterday.

Shares in Allied tumbled 14 to 545p on turnover of 3.6m. Grand Met declined 7 to 450p, Bass 9 to 455p, Scottish & Newcastle 5 to 455p and Whitbread 6% to 481p.

After its much-publicised results on Thursday, British Telecom climbed 12% to 414p on turnover of 1.3m. Dealers put the rise down to positive comment, together with improving sentiment ahead of the BT III campaign to sell the government's remaining stake in the company this month. The shares have also underperformed on adverse news over US competition.

High street retailer Next continued to advance, the shares adding 8 to 167.4p. While a number of brokers have turned positive recently on the back of the consumer recovery, there

FT-A All-Share Index

Source: FT Graphix

the political misfortunes of the UK government have been translated into hopes that these might force cuts in UK

base rates.

The second line stocks, which shared less significantly in the general equity shakeout which followed the government's resounding setback in the UK county council and an important by-election, have also made ground this week.

At 3,142.3 last night, the FT-SE Mid 250 Index was 9.6 up on Thursday. Retail, or customer, business remained fairly high yesterday, totalling 620m shares compared with 797.8m on Thursday. Retail, or customer, business has held steady this week, Thursday's value total settling at £1.57bn.

The FT-SE Index closed last night at 2,847, a net loss of 2.3 on the previous day, after dipping to the 2,838 area in the first half of the session. Over the week, the Footsie has risen by 5.3 points or around 1.9 per cent as

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	Int'l	Over	Int'l	Over	Total	Int'l	Over	Int'l	Over	Total	Int'l	Over	Int'l	Over	Total	Int'l	Over	Int'l	Over	Total	Int'l	Over	Int'l	Over	Total			
Providence Capitol Life Assn. Co Ltd - Cont'd.			Scotish Amicable			Sax Alliance Group - Cont'd.			Royal Standard Life Assurance Ltd - Cont'd.			Butterfield Fund Managers (Gibraltar) Ltd			Lazard Fund Managers (CPL) Ltd			J. Rothschild International Assets plc - Cont'd.			Summa Internationale (Ireland) Plc							
Alpha Protection Funds	222.9	-1.7	Life Protection Funds	100.0	-0.5	U.S. Reinsurer	041-246 2232		From Capital Fund	155.2	-1.4	Building Society	212.26	-1.24	Building Soc.	12.24	-0.08	Bond Fund	12.20	-0.08	American Growth	53.023	-1.008	Asian Growth	53.023	-1.008		
US Alpha	12.0	-1.7	Managed	207.7	-1.87	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08	Corporate Bond	12.20	-0.08					
US Beta	10.0	-1.7	Property	250.1	-2.0	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
Gold Alpha	82.3	-1.2	International	255.1	-2.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
US Delta Alpha	21.0	-1.7	Asia Pacific	140.5	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
US Delta Beta	21.0	-1.7	U.S. Reinsurer	162.0	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
US Delta Gamma	47.5	-1.7	U.S. Reinsurer	162.0	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
US Gamma Alpha	82.3	-1.1	U.S. Reinsurer	162.0	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
President Life Assn Ltd			U.S. Reinsurer	162.0	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
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Gold Reserve Fund	150.5	-0.2	U.S. Reinsurer	162.0	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
Diversify Fund	150.5	-0.2	U.S. Reinsurer	162.0	-1.25	From Credit Fund	155.2	-1.4	Business Accts.	21.125	-0.01	Business Fund	21.21	-0.08	Bond Fund	12.20	-0.08	Corporate Bond	12.20	-0.08								
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- Surrender, a Guaranteed price reduction.
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- Interest rate guaranteed.
- Capital protection.
- Only available to charitable bodies.
- The system shows annualised rates of NAV in case of a withdrawal.
- Funds are SBIS recognised. The regulatory authorities are the Fonds de Garantie, Financial Services Commission and Central Bank of Ireland; Iota de Mon, Fonds d'Investissement Commissaire, Jersey Financial Services Commission, Luxembourg Institut Luxembourgeois des Finances.

AMERICA

Dow restrained by economic concerns

Wall Street

US stock markets settled down yesterday after Thursday's big declines, but continued worries about inflation and the economy kept gains to a minimum across the board, writes Patrick Harverson in New York.

At 1pm, the Dow Jones Industrial Average was up 3.04 at 3,451.03. The more broadly based Standard & Poor's 500 was up 0.3 at 439.26, while the Amex composite was down 1.11 at 426.80, and the Nasdaq composite was up 0.21 at 675.85. Volume on the NYSE was 145m shares by 1pm.

Prices opened flat as the

markets digested the latest economic news - a 0.1 per cent increase in April industrial production.

The rise was slightly below expectations, and fuelled fears that the economy is not growing fast enough to provide momentum for corporate earnings.

Investors were also still considering the implications of this week's bad inflation news. Their greatest concern was that rising inflation might force the Federal Reserve to increase interest rates, a move that could make already expensive equities look even less attractive.

Equities were supported,

however, by a stabilisation in bond prices, which held their ground yesterday after two days of big declines. By early afternoon, the benchmark 30-year bond was unchanged at 102.4%, and the yield was at 6.95% per cent.

Among individual stocks, banks, which fell sharply on Thursday, were again weak on fears of higher interest rates. Citicorp fell \$4 to \$38.75, Chemical gave up \$1 at \$38.75. Banc One eased \$1.10 to \$51.50, Chase Manhattan dropped \$3 to \$29.75, Wells Fargo slipped \$2 to \$101.50 and Nationsbank fell \$1.20 to \$46.50, all in heavy trading.

Some leading Dow stocks,

however, more than held their own. AT&T firmed \$1 to \$54.75, Coca-Cola rose \$1 to \$39.75, Boeing put on \$1 to \$40 and Allied Signal rose \$1 to \$64.75.

Drug stocks were higher as a group, with Merck putting on \$1 at \$37.75, Pfizer adding \$1 at \$39.50, Bristol-Myers Squibb \$1 higher at \$59.75, and Johnson & Johnson rising \$1 to \$32.

On the American Stock Exchange, Andrea Electronics jumped \$7 to \$66 after the company was given a positive mention in a national newspaper column.

On the Nasdaq market, the composite index was lifted by a strong gain in Intel, which firmed \$1 to \$36.50 in volume of

more than 1m shares.

Millicom rose \$1 to \$109 in busy trading after the company agreed to a merger with its international affiliate, Millicom International Cellular.

Canada

TORONTO saw a 1% per cent mid-session decline in its gold and silver stocks index as profit-taking took over from Thursday's surge of enthusiasm over rising bullion prices. The TSE 300 index rose 4.04 to 3,815.32, supported mainly by gains in financial services where the sector index rose 27.08 to 2,872.73.

Chicago returns to its 19th century origins

The Midwest has had its day, writes Laurie Morse

The Midwest Stock Exchange

will go back to its 19th century roots and re-assume the name "Chicago" this summer, after a 45-year hiatus which has seen America's second-largest stock exchange decline in stature and focus.

Its newly-installed chief executive, Mr Homer Livingston, believes that the name "Chicago Stock Exchange" more precisely locates the exchange in the minds of international investors, and will associate his regional market with the innovative reputations of Chicago's derivatives exchanges.

"Nobody really knows where the Midwest is," says Mr Livingston. "Chicago is an international financial centre and as the second oldest exchange in Chicago (after the Chicago Board of Trade), we are an integral part of this community."

Geography and sentiment aside, the new name will also go a long way to put some distance between the stock exchange and an embarrassing scandal for which it paid \$2m fines last year to the Securities and Exchange Commission.

However, it will do little to address the critical issues which are vital to the MSE's survival. Organised in 1882 to trade securities in local railroads, banks and energy companies, the MSE now trades in many of the same stocks as the New York and American Stock Exchanges.

It survives by taking overflow orders from New York, specialising in block trades and competing with the NYSE by offering lower prices, faster executions, and better service.

Its niche is a thin one and is threatened by technology and lower-priced competitors.

to capture 10 per cent of the volume in New York stock exchange-listed stocks, at the expense of the NYSE, MSE, and other regional exchanges.

Known as the Third Market, over-the-counter exchanges have entrepreneurial ownership and operate with much lower overheads than traditional member-owned

exchanges. They are also subject to far fewer federal regulations, and frequently generate business by paying their brokerage house customers for orders, a controversial practice under scrutiny by the SEC.

In the last five years, the MSE has seen its share of trading in NYSE-listed stocks drop from 9.74 per cent to 7.92 per cent, while NASD-listed market share rose to 10.10 per cent, from 2.91 per cent. The NYSE's share of trading in its own stocks dropped to 66.84 per cent, from 72.59 per cent.

Mr Livingston, who arrived at the exchange in January after a 25-year career in banking, has attacked the competition head-on. In April the MSE slashed its trading fees, offered to match NYSE and Amex prices on limit trades, and will help its members, known as specialists, pay for orders.

The exchange cannot force its tradition-bound members to adopt aggressive attitudes, but it has been putting competitive pressure on them by publicising the specialists which are offering new services.

One month is hardly a test,

but the new strategy appeared to succeed in April. After seeing volume decline by 4 per cent in the first quarter, the MSE's turnover jumped by 8

per cent in April to 275m shares. It remains to be seen if the improvement can be sustained, and if the higher volume can be translated into higher profits.

The exchange is at a crucial juncture. Members' equity dropped to \$20.4m last year, from \$26.3m the year before, after a \$10m property write-down and a one-time accounting charge turned a \$3m operating profit into a \$5.6m loss.

Volume, at 2.97bn shares in 1992, was the second-best on record. Seat prices also began to edge up last year, topping \$40,000 for the first time in four years, but remaining well below the 1987 high of \$107,000.

The improvement, analysts say, is evidence that member and customer confidence in returning following the SEC settlement over improper accounting practices by two of its affiliates, Midwest Clearing and Midwest Securities.

The subsidiaries, the SEC said, had, over a period of a decade, improperly retained interest earnings on the deposits of the brokers who did business with them. In a settlement last year, the Midwest paid the \$2m fine and agreed to jettison its long-time outside auditors and overhaul its administrative staff.

A part of the bloodletting

is the longstanding MSE chairman, departed and Mr Livingston, a graduate of Princeton and of the University of Chicago Law School, was hired to turn the exchange around.

Although this is his first foray into the securities business, Mr Livingston appears well suited for the job, having earned a reputation in Chicago as a bank rescue artist.

His business strategy for the exchange is simple. "We are going to provide cheaper, faster order delivery," he says. In the long run, however, he admits that the MSE's competitiveness will hinge on having a more level regulatory playing field between private and SEC-regulated exchanges.

EUROPE

Paris weakens on devaluation of peseta

FURTHER consideration of the Spanish devaluation made Paris as a whole, and individual sectors in Madrid, writes Our Markets Staff.

PARIS weakened in realisation that the devaluation of the pesetas will have a serious impact on exports, given that Spain is one its largest trading partners.

The CAAC-40 index lost 28.19 or 1.5 per cent to 1,851.74, for a decline of 1.4 per cent on the week. Turnover was

1.552.30m.

There was also a weakening of the franc yesterday, making it less likely that the government will be able to make additional rate cuts independently of Germany. Further evidence that the economy is sliding deeper into recession, and a fresh batch of weak first-quarter corporate sales figures left most analyst believing that the outlook for equities is bleak.

Hoare Govett, in its latest strategy paper, comments that the market is looking vulnerable for a number of reasons:

these include the likely rise in demand for investment funds as a result of forthcoming privatisations, the rising budget deficit and potential rights issues.

Carrefour and Promodes, both exposed to Spain, lost FFR14 and FFR16 respectively to FFR2.619 and FFR740.

MADRID extended Thurs-

day's devaluation gains, Repsol putting on another Pta45, or 4.6 per cent to Pta3,285, as the general index closed 2.08 higher at 253.09, up 4.9 per cent on the week. Turnover eased from Thursday's record Pta55.60, but stayed very high at Pta42.30m.

Profit-taking appeared late in the day and, in a mixed banking sector, Argentaria, Santander and Popular dropped Pta80 to Pta4,430, Pta50 to Pta5.60 and Pta550 to Pta14,600 respectively.

However, there was general strength in utilities where, said Mr Peter Stevens of BZW in Madrid, investors who worried on Thursday about the effect of devaluation on the sector's foreign debt consoled themselves yesterday with the thought that interest rates will be a lot lower in the year to come. Seville rose Pta40 to Pta450, and Iberdrola Pta30 to Pta717.

FRANKFURT's DAX index bounced off a low of 1,625.37 after news of the compromise agreement which has ended the east German metalworkers' strike, but still closed 5.28 lower at 1,634.51, up 1.4 per cent on the week.

Turnover eased from DME1.80 to DME1.81m. Conflict in the car sector saw BMW, ex DME1.50 dividend, fall 1.1 per cent to DME2.619 and Volkswagen lose another DME1.50 to

DME1.50, but Daimler rose DME1.80.

There was talk of a sell recommendation for VW from one broker while, in Dusseldorf, Mr Eckhard Kraum of Merck Finck noted that the company still topped the DAX performance list with a gain of 31.5 per cent this year.

Daimler had a presentation in Zurich on Thursday night and, apparently, is sticking to earlier forecasts of profits down by a third this year; Mr Bob Barber of James Capel, frankly surprised that the shares went up, said that Capel expects Daimler's earnings to be down by two-thirds in 1993.

ZURICH ended a shade higher on strength in chemicals, the SMI index rising 3.3 to 2,188.00, up 1.0 per cent on the week, as Ciba registered led active stocks with a gain of 5.7%.

MILAN saw some profit-taking on the last day of the

main results of the day. Mr Frederick Hasslerer of Swiss Volksbank in Zurich said that they were at the lower end of expectations. The bearers fell only SF2 to SF480, but this followed the drop from a high of SF737 earlier this week.

AMSTERDAM was disappointed at Unilever which came in with first quarter figures below expectations. The shares fell 1.2 to F1.620 to F1.196.30. The CBS Tendency index lost 0.6 to 107.5, barely changed on the week.

Sentiment was also unsettled by a report from the ING bank forecasting that manufacturing, transport and building

companies, whose export potential has been weakening recently because of the strength of the guilder, could show an average 10 per cent fall in 1993 profits.

MILAN saw some profit-taking on the last day of the

day. The Straits Times industrial index ended up 4.68 at 1,983.38, gaining 5 per cent on the week. Turnover rose to \$83.5m from \$55.5m.

The gold index soared 1.2 to 1,036.50, but Daimler rose DME1.80.

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ASIA PACIFIC

Gold price rise lifts Manila and Australia

TOKYO selling erased early gains and pushed equities into negative territory for the fourth consecutive session, writes Wayne Aponte in Tokyo.

The 225-issue average lost 82.42 to 20,474.15, up 0.7 per cent on the week, after reaching a day's high of 20,670.52 and a low of 20,401.87. The Topix index of all first section issues lost 5.35 to 1,605.71, and in London, the ISE/Nikkei 50 index rose 3.47 to 1,241.80.

Volume was estimated at 550m shares traded compared to 559m the previous day. Declines led advances by 620 to 402, with 155 issues unchanged.

Turnover on the first section of the Tokyo stock exchange

should decrease in the coming week, with investors becoming cautious as more companies release their results for the year to March.

Some brokers said that

prices are likely to consolidate further on profit-taking and on the use of futures contracts as a hedge against major dis-

crepancies between company forecasts and their pre-tax profit results.

Real estate shares lost ground in reaction to below-average earnings results. Mitsubishi Estate, a leading housing company, dropped Yen 20 to Yen 1.10, after recently announcing a 21.7 per cent decline in pre-tax profits for the year to March. Mitsui Fudosan shed Yen 20 to Yen 1.30.

In Osaka, the OSE average ended 38.11 lower at 12,790.47, in volume of 26.7m shares.

Roundup

THERE were mixed performances from the regions markets yesterday.

MANILA gained ground as mining shares were lifted by the stronger world gold price.

The composite index ended 8.54 higher at 1,604.73, but down 3 per cent on the week. Turnover was 1.13m.

SINGAPORE staged a strong rebound from earlier profit-taking to close at a new record high for the second straight

quarter.

CONSTRUCTION material

groups led the advance. Siam Cement jumped Bt14 to Bt440 and Siam City Cement by Bt6.50 to Bt74.

MANILA Electric's B shares gained 2.60 pesos to 322.50 pesos in turnover of 28m pesos.

AUSTRALIA was also sup-

ported by the rise in gold with the All Ordinaries index up 4.1 at 1,698.5, a week's improvement of 0.7 per cent, in turnover of A\$35.6m.

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Weekend May 15/May 16 1993



Tokyo agrees with Oslo that scientific evidence supports resumption

Norway to defy ban on whaling

By Karen Fossli in Oslo and
Robert Thomson in Tokyo

NORWAY said yesterday it would resume commercial whaling within the next few weeks in defiance of a decision by the International Whaling Commission to maintain the ban.

The UK and other nations opposed to commercial whaling had claimed victory yesterday at the IWC's annual meeting in Kyoto, Japan. But both Japan and Norway claim that scientific evidence supports resumed whaling.

Last night the European Community criticised Norway for its plan to resume whaling. "We have international laws and regulations and... these should be observed by everybody con-

cerned," said EC environment commissioner Yannick Paleokrassas. He also repeated the Commission's view that whaling would complicate Norway's bid to join the EC.

Mrs Gro Harlem Brundtland, Norway's prime minister, said yesterday whaling would resume by the end of this month or in June. She criticised the IWC, established five decades ago to maintain a balance between harvesting and protection of whales, but said Norway would not leave the organisation. It said quotas for traditional coastal whaling would be set next week.

She said that the IWC's decision not to support Norway's intention to resume whaling further undermined its credibility as an international organisation for

natural resource management: "The meeting in the IWC has confirmed there exists a scientific basis to harvest the north-east Atlantic minke whale at a sustainable level."

Mr Jan Henry T Olsen, the fisheries minister, said that, unless the growth of minke whale stocks was controlled, they would consume the fish on which endangered species depended.

Nations in favour of the ban argue that a relaxation could set in motion a pattern of commercial catches that would seriously threaten the whale population, which has been severely depleted by large-scale harvesting since the IWC was formed in 1946.

Japan also complained that the IWC had become "a body to protect the rights of whales" and

ignored a scientific report citing no reason to ban limited quotas.

Mr Kazuo Shima, head of Japan's delegation, said the outcome of the five-day meeting in Kyoto was "deplorable" as "the efforts of the scientists were wasted".

Both Japan and Norway hinted they might pull out in the next year unless whaling was allowed.

Countries in favour of maintaining the commercial ban, introduced in 1982 and effective from 1987, were pleased that little progress was made on a management plan which would put the way for small commercial quotas of minke whales in the north Atlantic and in the waters around Antarctica.

Culture clash, Page 9

CD prices prompt inquiry by MMC

By Michael Skapinker, Leisure Industries Correspondent

THE UK music industry is to be investigated by the Monopolies and Mergers Commission after Sir Bryan Clegg, director general of fair trading, said yesterday he was not satisfied with explanations given for the high price of compact discs.

Sir Bryan said he particularly wanted the commission to investigate whether copyright law was being used to restrict or prevent competition. The law allows music companies to prevent the import of CDs by retailers or independent distributors.

The decision comes two days after a House of Commons national heritage committee report said that while it had "found no evidence of formal or overt collusion, it considers that the major record companies and the retailers are effectively cartels, and indeed partly interlocking cartels."

Sir Bryan told the committee's hearings last month that he thought the music industry merit further investigation even though Sir Gordon Birtwistle, his predecessor, had said last year that CD prices reflected what consumers were willing to pay.

Sir Bryan said yesterday that evidence given to the committee and its subsequent report had confirmed his view that an MMC inquiry was needed. He added: "Compact disc prices remain relatively high when compared with the cost of other formats and with prices in the US. I have not been satisfied by the arguments put forward to explain this phenomenon."

The Consumers' Association, which has campaigned for lower CD prices for years, welcomed the announcement.

Music companies, which had been resigned to an inquiry, said that they welcomed the opportunity to put their case to the commission, saying they thought it would be more objective than the heritage committee and its chairman, Labour MP Mr Gerald Kaufman.

Mr John Deacon, director general of the British Phonographic Industry, which represents UK music companies, said: "We are confident we will be able to demonstrate the remarkable value of the British music industry to this country, both commercially and creatively."

Following the blatantly prejudiced attitude of the Kaufman committee towards this industry we will now take opportunity to put our case to unbiased professionals who have a reputation for impartiality."



Foreign secretary Douglas Hurd, who is outgoing president of the European Council of Ministers, relaxes with Willy Claes, Belgian deputy prime minister, during a ministerial meeting in Strasbourg

Major tries to calm panic in Conservative ranks

Continued from Page 1

conomic interests were linked intricately to maintaining its influence in Europe. Instead of "principled opposition" to Europe, he wanted to "hear more in the future about principled support for Europe".

Mr Major said that, alongside economic recovery, improvements in public services, the widening of individual choice, providing the "best education possible" in schools and a new

war against crime would dominate the government's agenda.

Alison Smith writes: Earlier,

Mr John Smith, the Labour leader, attacked Mr Major's

administration as the weakest

and most incompetent govern-

ment in living memory. "They

lurch from one catastroph-

e to the next, leaving chaos

and dismay in their wake," he

told the Fire Brigades Union at Bridlington. "Public tolerance of

the government is ebbing with

the speed of a rip-tide."

A poll by Gallup Spain also indicated that the pro-Maastricht campaign might be persuading more people to vote. The poll showed 60 per cent of those surveyed voting Yes, 32 per cent No, 13 per cent are undecided and 5 per cent unwilling to vote.

Senior EC officials this week

expressed confidence that the Danes would approve Maastricht

and said there was no Brussels blueprint for dealing with a No vote. "There would be lots of recrimination, a wailing and gnashing of teeth," said one EC Commissioner, "but after the dust settled people would look carefully at what they could do."

Key EC personnel, including senior legal staff, have however

been told to be on stand-by to fly

to Rome to attend the previously

scheduled meeting of EC foreign

ministers on Wednesday. The following day, Chancellor Kohl is due to meet Prime Minister Felipe Gonzalez of Spain in either Aachen or Bonn.

Mr Delors, who was travelling

in Italy yesterday, was due to

return to Brussels this weekend.

He has remained studiously aloof

from the Danish referendum

campaign, acknowledging that

attempt to swing the vote in

favour of a Yes would almost

certainly backfire.

Mr Delors' talks with Chancel-

lor Kohl are believed to have cov-

ered the European economy and

the poor outlook for growth. The

Commission president wants to

make the Community's "growth

package" as well as a broad dis-

cussion about the unemployment

crisis in Europe a centerpiece of

the Copenhagen summit.

Analysts involved in the case

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The only way to judge the division's

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MARKETS

London

A creak, a groan, and a muffled sigh

By Peter Martin, financial editor

FAR AWAY at the back of the dark, bat-infested cave that does duty as the collective memory of the London markets, you can hear a faint, ominous creak.

It is instantly identifiable to anyone who has ever watched a Christopher Lee movie as the sound of a sarcophagus lid.

Slowly, cautiously, it lifts. An eerie glow escapes from inside. Terrified peasants, mumbling long-forgotten prayers, cluster around the tomb. A word, a murmur passes from lip to lip... a name no living mortal has heard in years. Still no more than a whisper, it strikes chill to the bone: "Barber... Barber..."

The spectral figure stirring at the back of the cave is not the real Lord Barber, the amiable ex-Chancellor/ex-banker, but his symbolic alter-ego, a.k.a. the Barber Boom, the rapid burst of inflationary growth in 1972-3 that followed the Heath government's U-turn away from austerity.

Astonishing though it may

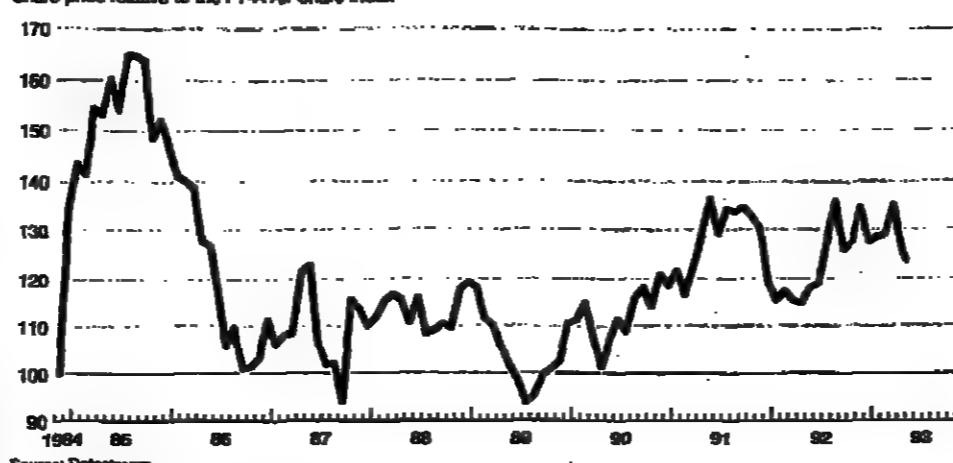
seem - at least to anyone not brought up on a diet of late night horror movies - this spectre, long thought buried at a cross-roads with a stake through its heart, now walks the land. Or at least, it walks the densely printed pages of Ian Harnett's stock market analysis for Société Générale Strauss Turnbull, the broker.

Pondering the likely scale of the economic recovery, Ian and his economist colleague Corey Miller remind us that the government's leading economic indicator is at a level not seen since - yes, you guessed it, the Barber boom, when gdp growth touched 10 per cent.

That is not all. Monetary policy is also exceptionally loose, if you measure it in a way which adds together the impact of lower interest rates and a lower exchange rate. And though the Strauss Turnbull economic forecast is more optimistic than the consensus, at around 2 per cent gdp growth for 1993 and 3 per cent in 1994, this only produces a peak annualised growth rate of

BT

Share price relative to the FT-A All-Share index



Source: Datastream

some 4% per cent.

In practice, the economy tends to move more abruptly, both up and down, than economists predict; the peak annual rate in the 1983 recovery was 8.6 per cent; in the 1976 upturn it was 7.7 per cent. You could draw the conclusion that this recovery is likely to be more anaemic than its predecessors. You could conclude that there will be a burst of faster growth than economic forecasts would suggest - closely followed, perhaps, by inflation and a hasty slamming-on of the brakes, as the chancellor tries to avoid joining Lord Barber at the back of the cave.

Perhaps that is what the rise in longer term interest rates was trying to tell us earlier this spring.

Such worries have had little effect on the market this week. The yield on 10-year gilts was scarcely changed, closing on

Friday at 8.09 per cent, up from the previous week's 8.08. The equity market has been more cheerful: the FT-SE 100 index closed at 2647.0, up 53.3. One common factor in both markets was the thought that the government's political weakness might push it into an early cut in interest rates, perhaps next Friday when the inflation rate for April is expected to fall to an annual rate of 1.5 per cent.

If the short-term domestic outlook was relatively optimistic this week, the same could not be said for the international scene. Inflation worries revived in the US (though earlier in the week a strong performance by Wall Street lent added impetus to London's recovery). More important perhaps, the economic outlook in continental Europe took another turn for the worse, with an extraordinarily steep fall in output at Mercedes-Benz in the first quarter - car production was 38 per cent lower than in the same period a year ago - and fresh turmoil in the exchange rate mechanism as Spain and Portugal devalued after a day of uncertainty in the currency markets. International concerns will continue to play a role next week, when Denmark's vote on the Maastricht treaties takes place on Tuesday.

In the domestic market, the big stock of the week was ICI, which carried out the trickiest part of its merger of Zeneca's biosciences side, on Tuesday, with the pricing of Zeneca's five-for-sixteen £1.3bn rights issue. At the rights price, the Zeneca shares yield 5.7 per cent on the forecast dividend of 27.5p for the year, an unusually juicy yield consider-

ing that the figure for the Health and Household sector as a whole is just over 3 per cent.

Although the demerger does not finally take effect until June, grey market trading has already begun in the shares of the successor companies. The trend throughout the week was away from glamorous, high-flying Zeneca and towards boring old cyclical ICI, partly reflecting investment sentiment in the US market. Zeneca ex-rights closed the week at 63p, down from the 68p at which it was first quoted on Tuesday and 14 per cent above the rights issue price. New ICI closed at 62p, up from Tuesday's 56p. The existing ICI shares, enjoying their Indian spring, closed at 126p, up 20p on the week.

The other big stock of the week was BT, not so much for the scale of its redundancy costs, which topped £1bn off its pre-tax profits for the year ended March, announced on Thursday, but for the £750m pension fund deficit it announced at the same time.

Part of the deficit stemmed from the cost of paying off workers; but just as worrying were the two other contributors to the deficit, the impact of ACT and a much lower than expected growth in dividends received on the fund's investments.

Most actuaries have been expecting a 5 per cent annual increase in dividends; in fact, dividends for the market as a whole shrank 0.1 per cent in 1992 and a further 1.8 per cent in the first quarter of 1993. One sure way of getting dividends to grow again, of course, is inflation. Which is where we and the spectre, came in...

NEW INVESTMENT trusts may be regular occurrences these days, but when one comes along with a different twist and an aggressive marketing campaign, it is worth a closer look. Such is the ISIS trust from Ivory & Sime.

Its central plank is exploiting the 25,800 capital gains tax allowance which many investors leave unused. The sale of shares is taxed under the CGT regime and not as income tax.

Under the ISIS scheme, the trust automatically will sell 7 per cent of an investor's holding in order to generate a monthly income plan. The first £5,800 of income from these sales would be tax-free. For basic-rate taxpayers, a 7 per cent tax-free income would be the equivalent of a 9.33 per cent gross return from a building society.

The danger with this route, of course, is that investors could simply be returning their capital to themselves in the form of income. The trust needs to grow at a rate of at least 7 per cent annually for the scheme to work.

One important wrinkle in this structure is that the trust is selling all its dividend income to institutions upfront in the form of convertible annuity shares. This has its good and bad sides. The good is that selling the shares (which have virtually no repayment value) boosts the asset value of the ordinary shares by 10 per cent; so, ordinary share investors are buying at a discount to asset value - an unusual position for a new issue. The bad news is that dividend income is an important part of equity return. It will be more difficult for the trust to achieve 7 per cent growth without the help of the market yield.

ISIS, however, will be concentrating its portfolio in low-yielding equities where growth prospects should be greater. And the trust says that, since

Serious Money

ISIS: a trust with a novel twist

By Philip Coggan, personal finance editor

1945, the market has achieved an annual capital return of 7.8 per cent per annum. Of course, this might not be repeated in the 1990s.

There is a further hurdle.

Those who want income will be regular sellers; the trust needs a source of buyers to ensure a balance, and to prevent the shares slumping to a discount. Accordingly, it will offer a regular savings plan with the attraction of bonus warrants. These warrants offer the prospect for additional capital gain. For those who are likely to pay CGT, there is a personal equity plan available.

The plan certainly is ingenious. Some might argue that there is nothing brilliant about converting capital gain into income and that investors could do it for themselves by selling 7 per cent of their own share portfolios every year.

This could go wrong. A bear market might eat up investors' capital very quickly, and the trust could find that the demands of the income shareholders and the savings scheme do not balance. Philip Middleton, of Smith New Court, says investors should realise that ISIS is not a straight swap for a building society; there is no guarantee of capital. Only those investors comfortable with equity risk should apply. But, he adds, it offers a tax-efficient way of getting income.

Another trust trying to raise new money is Fleming Claverhouse, the UK blue-chip fund. Its problem has been success, with demand for shares so swamping supply that the price occasionally has reached a premium of 9 per cent above asset value. The answer is an issue of new shares, available to existing investors and others. Although, because of issue costs, these shares also will be at a premium to asset value, it moves into profit.

the premium will be smaller - around 3.6 per cent.

The issue looks complicated. "Conversion" shares are being offered, which are expected to convert into ordinary shares in June. The reason for the complexity is the need to be fair to all shareholders.

Immediately after the offer, Fleming Claverhouse will have a pot of new money, ranging from £100m (the maximum possible) to a more likely £25m-£35m. It would not be prudent or wise to invest this money straight away. But if the market rises sharply, the trust's large cash holding would cause it to underperform the index. That would be unfair to existing shareholders. So, the two pools of assets will be kept separate and the two classes of shares combined only when the new money has been invested in the market.

It is encouraging to see that good, solid, conventional investment trusts are able to raise new money and Fleming Claverhouse's record certainly makes it a trust worth watching (see Page VI).

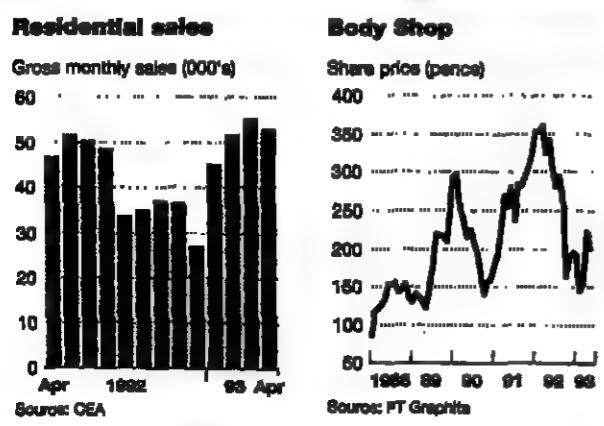
Meanwhile, three cheers for TR City of London, which has cut the annual management charge on its personal equity plan. As I reported after the Budget, the change in the tax credit on dividends had made the PEP unattractive for basic-rate taxpayers, since the charge was higher than the tax benefit. Now, TR has cut the charge from 1 per cent to 0.75 per cent annually plus VAT. On a yield of 4.4 per cent, the annual dividend on £6,000 would be £284, and the basic rate-payer would save £23.80 in tax.

The annual charge on £6,000 works out at around £52.87 per year, so the basic rate-payer will break even. But there is the CGT exemption as well and, once the investment grows to more than £6,000, the annual charge falls to 0.6 per cent, so the PEP holder should move into profit.

HIGHLIGHTS OF THE WEEK

	Price yesterday	Change on week	1992 High	1993 Low	
FT-SE 100 Index	2647.0	+53.3	2557.3	2737.6	Revived interest rate hopes
FT-SE Mid 250 Index	3142.3	+32.8	3154.7	2876.3	Recovery hopes
ASW	230	+13	233	81	Upgrades last week
BOC	563	+19	770	571	Technical support ahead of figures
BP	3201xd	+16	326	225	US buying
Burton	886	+84	871	541	Results/consumer recovery
Erskine House	90	+56	90	27	Alco Standard makes agreed bid
Huntspoint	84	+20	88	43	Bid interest
Land Securities	545	+14	555	438	Results/property revival hopes
Lee (Arthur)	156	+20	166	105	Carco makes agreed bid
Lonrho	117%	+13	120%	70	Dispose hope/firm metal prices
Shell Transport	611	+46	614	515	Well-received first-quarter results
Simon Engineering	55	-43	142	52	Profits warning/downgrading
Unilever	1064	-22	1249	1050	Disappointing results
United Biscuits	414	-15	407	340%	Bid hopes fade

AT A GLANCE



Housing sales get a spring in their step

Housing activity showed a strong year-on-year rise in April with gross sales up 12.4 per cent on April 1992, according to the Corporate Estate Agents Property Index. Compared with March there was a 4.1 per cent decline in gross sales, but this reflected the impact of public holidays.

Gross sales are defined as the number of new sales agreed in the month, subject to contract and which normally have a completed chain, finance arranged and solicitors instructed. The number of deals where contracts were exchanged rose 8.3 per cent

year-on-year and fell 5.5 per cent on March.

Body Shop bites the bullet

Profits at Body Shop, the cosmetics group, fell 15 per cent in the year to end-February, ending the company's previously rapid growth. Although the group is expanding internationally, the group suffered from falling sales and profits in the UK. However, the group did feel confident enough to increase its total dividend by 0.2 per cent. The company did issue a profits warning last autumn, so the news was not unexpected. The shares rose 6.5p to 204.5p on the day of the announcement but had dropped back to 196p by the end of the week. They have rebounded a long way from the year's low of 133p.

Fixed rate - for 25 years

Lloyds Bank has launched a 25-year fixed rate mortgage, at a rate of 9.75 per cent (APR 10.4 per cent). Borrowers must take out a Black Horse Life endowment or pension policy and pay a £250 commitment fee. There is a redemption penalty of 10 months' interest.

Lloyds is also offering a five year deal at 7.99 per cent (APR 8.4 per cent) and 8.99 per cent (9.2 per cent APR) over 10 years.

Birmingham Midshires is offering a rate of 7.75 per cent (APR 8.2 per cent) fixed until February 1997. The loan is only available on an endowment, PEP, or pension basis and carries a £275 arrangement fee.

Stockbroking merger

The private client business of Sheppards, the stockbroker, has been merged with W I Carr (Investments), which has now changed its name to Carr Sheppards Limited. Carr Sheppards has 47 directors, 10,000 active clients and some £1.7bn under management.

Going Dutch on shares

Robeco, the Dutch investment company, is celebrating its 60th anniversary and is offering investors the chance to buy shares free of commission and brokerage charges through its Swiss bank subsidiary. The minimum investment is for £3,000, or \$10,000, and involves opening an account at the bank; the offer lasts until June 30. Robeco is an open-ended investment company which owns shares in around 400 companies in 20 countries.

Schroders share service

Schroders has launched a dealing service for those who want to buy and sell shares in its split fund, and might not have their own stockbroker. Dealing charges are 1 per cent on both purchases and sales. There is a daily dealing facility for those who invest the minimum of £1,000. The split fund was launched in March and has income, zero and capital shares.

ALL EYES are back on the Federal Reserve after this week's worrying inflation numbers.

It seems a long time since Wall Street has had the Fed in its sights. The last time the central bank fiddled with monetary policy was September last year, when it lowered the federal funds rate by a quarter of a percentage point to 3 per cent. And the last time the Fed made anything like a meaningful move was back in July 1982, when it cut the discount rate by half a percentage point to 3 per cent.

In the intervening months the stock and bond markets have had little reason to think about the Fed. Instead, the presidential election, rebounding corporate earnings, an increasingly muddled economic picture, the Clinton fiscal stimulus package and first budget, the restructuring of the Treasury debt, even the war in Bosnia, have all grabbed the attention of the markets at one time or another.

In fact, since last autumn, the only time the Fed has really captured the markets'

imagination was when its chairman, Alan Greenspan, sat next to Hillary Rodham Clinton at her husband's first State of the Union address to Congress, an extraordinary sight that thoroughly confused Washington DC and Wall Street alike.

The markets get nervous enough when they see the President and the Fed chairman together, for a politicised central bank is the last thing Wall Street needs. But the First Lady and the Fed chairman together, in apparent harmony? Many minds boggled.

Now, however, the Fed is back in the spotlight, and sweating uncomfortably under an inflationary glare that suddenly and unexpectedly intensified this week. On Wednesday April producer prices index was released, and it was up 0.6 per cent on the month. A day later came the consumer prices index - it was up 0.4 per cent.

Not only were both sets of headline data stronger than analysts had expected, but the "core" measures of producer and consumer price inflation, which exclude the volatile

food and energy components, were also above Wall Street's estimates. The figures sparked heavy selling in the bond market, where the 30-year bond yield jumped from 6.81 per cent to 6.97 per cent in just two days.

Although the stock markets managed to shrug off the producer prices number, and even pushed the Dow Jones Industrial Average to a record high

on Thursday, they could not ignore the rise in consumer prices. It was the third report out of the last four that has shown monthly consumer prices rising faster than expected.

Last year consumer prices rose 2.9 per cent - so far this year, they are rising at an annual rate of 4.3 per cent. This should worry the Fed, which in its annual report to

the Bottom Line

FINANCE AND THE FAMILY

HAS THE revival of the smaller company share arrived at last? The first quarter of 1993 certainly suggested so. The extended Hoare Govett Smaller Companies Index (excluding investment trusts) rose 15.2 per cent over the period (including dividends), compared with growth of just 4.6 per cent in the FT-A All-Share index.

A revival is definitely overdue. The Hoare Govett index underperformed the All-Share for the four consecutive years from 1989 to 1992. Not only was this the first four-year period since 1965 in which this phenomenon occurred - there had been no previous consecutive three-year period of small company underperformance.

Over the period since 1985, Hoare Govett figures show that its smaller companies index has produced returns of 18 per cent a year, some 4 per cent ahead of the returns achieved by the All-Share.

Why did smaller company shares perform so well? It is obviously easier for a small company to grow at 50 per cent a year than it is for, say, ICI. A second reason is that small company shares are less "efficient" - in other words, researched less well than companies in the FT-SE 100. There is more scope for the shrewd fund manager to pick a winner.

With these higher rewards come higher risks, however, as investors discovered between 1988 and 1992. "Earnings" growth of smaller companies is greater but it is more volatile," says Paul Woolley, of fund manager GMO Woolley. His figures show small company profits were hit particularly badly in recessions such as 1973-74, 1979-80 and 1989-92.

The lack of diversity of smaller companies makes them more vulnerable to the problems of individual customers and market niches - and to the fortunes of the UK economy; thus, the latest recession hit them particularly hard. The illiquidity of their shares worsened the effect on prices.

But the very factors which held smaller companies back should help them prosper in the recovery. Douglas Ferrara, of Scottish Amicable Investment Managers, writes in the group's monthly investment review: "Smaller companies should now enjoy growth in productivity, a widening of margins and superior growth



Smaller shares hit the comeback trail

And a revival is certainly overdue, says Philip Coggan

in earnings."

Even if you accept these arguments, how much of the recovery is in the price? The FT-Small Cap index is trading at present on an historic price-earnings ratio of 31.25, far higher than the FT-SE 100 and pretty racy by any standards. According to Ferrara, though, if you exclude loss-makers and use the latest reported earnings' figures, the ratio falls to around 20.

"On our measure of valuation, small company shares are currently under-valued," says Woolley, adding that this applies particularly to the relationship of price to assets. "However, this under-valuation is not as stark as the over-valuation smaller companies reached in 1987."

There certainly does seem to

be a change in the climate of opinion towards small companies. Hoare Govett is seizing the opportunity to launch a second investment trust linked to its extended index. The first trust, launched in December, raised £28.5m. The new trust will invest in more than 200 companies and, by aiming to match the index, will remove the danger of poor stock selection. The full prospectus is expected to appear in June.

For most private investors, a collective fund probably is the best way of backing the small company revival (if they believe the argument). The best-performing investment trust in the sector over the past three and five years has been Foreign & Colonial Smaller Companies, over 10

years, the leader is Moorgate. To date, Moorgate shows it as 48th of 66 in the sector over the year to May 1. Nigel Legge, of James Capel, says the recent rally has allowed active managers to outperform; however, he expects the fund to produce an above-average performance in the sector over the long term.

Trusts in the sector with above-average performance over one, three, five and 10 years are Edinburgh UK Smaller Companies, Lazard UK Smaller Companies Growth, and New Court Smaller UK Companies. Edinburgh's fund is also the best performer over both three and 10 years.

There is also an indexed fund in the unit trust sector. James Capel's Trizid trust. But it has not done especially well

to date; Micropal shows it as 48th of 66 in the sector over the year to May 1. Nigel Legge, of James Capel, says the recent rally has allowed active managers to outperform; however, he expects the fund to produce an above-average performance in the sector over the long term.

There is an automatic tendency for private investors to prefer buying "blue chips" because they know the names and products of the companies concerned. But the long-term performance of small company shares indicates that investors should not ignore the area altogether. After all, putting less than 10 per cent of your portfolio in the smallest 10 per cent of the market is actually better than against the small company sector.

Getting a fix on your income

Scheherazade Daneshkhah on an unsettled sector

GILTS had an unsettled time in the UK last month, with prices generally weakening. Economic news suggested the recovery could have started at last, bringing reduced hopes of an interest rate cut.

Jim Dunsford, director of fixed income at James Capel Fund Managers (which runs Midland's Gilt & Fixed Interest unit trust; see table), believed interest rates will fall to 5 per cent by the end of the year; this would tend to push up the price of short-dated gilts with a corresponding drop in yields. However, the government's need to find buyers for new gilts issues would conspire to

push up yields and so make prices of long-dated gilts fall.

Because of this mixed outlook, Dunsford believes private investors should still invest part of their assets in a bond fund - unit trusts which invest in a portfolio of bonds to provide both income and capital growth. The initial charge on the Midland fund is 4 per cent, the annual fee is 0.5 per cent and the minimum lump sum investment is £1,000. There is a monthly savings plan for a minimum of £50 a month.

David Dyer, fund manager of Axa Equity & Law's Gilt and Fixed Interest unit trust, says investors have had two or three years of strong performance from gilts as UK inter-

est rates have fallen. He thinks further rate cuts are unlikely but, with the average yield of a 10-year gilt at 8 per cent and the headline rate of inflation at 1.9 per cent in the year to March, "investors are still enjoying a very attractive real return." The Axa fund has a 5.5 per cent initial charge, a 1 per cent annual charge, and a minimum investment of £1,000.

The market for permanent interest-bearing shares (PIBs) - fixed-interest shares issued by building societies to raise capital - was broadened this month with a new issue by First National, Ireland's second-largest building society. The shares are not classified as qualifying corporate bonds under UK law and, unlike other PIBs, are liable to capital gains tax.

Hoare Govett, which helped launch the issue, says: "The Irish housing market did not suffer a price boom in the 1980s and so there are very low rates of repossession and arrears, resulting in a building society that is much more stable than its UK counterpart. Even so, when assessing this stock to a comparable UK building society PIBs' issue - for example, Newcastle - there is still a yield pick-up of more than 1 per cent."

Largest 10 UK bond funds

Fund	Size (£m)	Yield (%)	Perf*
Barclays Uni Gilt & Fxd	129.7	8.7	50.0
Axa Equity Gilt & Fixed	74.8	8.3	50.2
Midland Gilt & Fixed	62.1	8.9	44.6
Whittingdale Shrt Dated	44.8	0.0	38.2
TSB Premier Income	43.4	6.7	47.0
CU Preference Share	38.0	7.4	39.9
Kleinwort Benson Gilt	36.1	7.5	43.3
M&G Gilt Income	34.5	6.1	42.0
Manulife Gilt & Fixed	31.3	7.7	51.9
Fidelity Gilt & Fixed	25.0	7.6	40.3
Sector average	15.7	8.7	40.9

Source: Micropal. * As of May. ** Offer-to-bid with net income reinvested over three years to May 1. Funds without three year record are excluded.

Permanent Interest-Bearing Shares

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Bradford & Bingley	13.00	10,000	30/6/91	100.20	124.35	10.48
Bradford & Bingley	11.65	10,000	29/6/92	100.13	110.75	10.49
Bristol & West	13.35	1,000	11/12/91	101.79	117.25	11.37
Bristol & West	13.35	1,000	31/10/91	100.34	117.25	11.37
Britannia (1st)	13.00	1,000	13/1/92	100.42	118.75	10.84
Britannia (2nd)	13.00	1,000	8/10/92	107.13	118.75	10.84
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	110.50	10.83
Coventry*	12.15	1,000	28/5/92	100.75	112.25	10.80
First National	11.75	10,000	4/5/93	100.25	100.75	11.60
Halifax	12.00	50,000	23/1/92	100.28	117.50	10.21
Leeds Permanent	15.65	50,000	3/6/92	100.00	128.50	10.82
Leeds & Holbeck	13.35	1,000	31/3/92	100.23	122.00	10.96
Newcastle	12.65	1,000	8/3/92	100.45	120.75	10.48
North of England	12.65	1,000	23/6/92	100.14	118.75	10.54
Skipton	12.65	1,000	27/2/92	100.48	113.50	11.38

Source: Hoare Govett. *Purchase price as at May 12 close; excludes accrued interest. **Includes stamp duty payable on Coventry pacs only.

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*For telephone and local directory. % of basic rate tax. CAR = Annual yield after interest compounded.

RISK AND REWARD IN NEW FUTURES FUND

Two years after regulators opened the doors to geared futures and options unit trusts, the first geared futures and options fund (GFOF) is ready for presentation to the British public. The Govett Geared UK Index fund, to be launched on Monday, aims to double every capital movement in the FT-SE 100 index of UK stocks by using futures contracts to provide gearing.

The "gearing" means that the fund buys FT-SE index exposure, which is twice the value of the property of the fund. Any gains, but also any losses, are magnified by a factor of two. If the index were to fall 50 per cent overnight, the fund would fall 100 per cent and you would lose all your money (although, as with all unit trusts, you cannot lose more than your initial investment). If the index fell spread over a longer period, losses would be smaller.

The minimum investment of £5,000 means the fund is available to both retail and institutional investors. This worries some in the unit trust

industry; they feel that such highly-gearred funds are too dangerous for retail investors. Such a fund should, they say, be contemplated only as part of a large, diversified portfolio.

The fund also differs from most other unit trusts because there is no active management team; in that sense, it is comparable with the recent spate of FT-SE index tracking funds. The initial charge is 5 per cent (with a maximum permitted charge of 7 per cent). An annual charge of 1 per cent is deducted from the fund's

income. Future and options funds (FOFs), of which this is one, have been launched, can invest up to 10 per cent of their assets in derivative products, but the riskier GFOFs can have up to 20 per cent of their assets in futures and options. Govett already has raised \$130m through a series of futures and options funds which use futures contracts but are not geared.

Tracy Corrigan

Revenue squeeze on pension plan abuses

BRITISH tax authorities are taking a hard look at what goes into and out of pension schemes – particularly the small, self-administered type which caters for the retirement future of top executives.

Robert Lusk, controller of the Inland Revenue's pension schemes office (PSO) told the National Association of Pension Funds this week that the PSO aimed to audit an additional 2,000 schemes this year. In addition, it would expand its audits beyond the small, self-administered schemes (SSAs) – which account for the majority of tax abuses – into slightly larger ones.

In January 1991, the PSO set up a compliance unit to monitor how pension schemes adhered to the relevant tax laws. So far, 3,700 audits have begun, nearly half of them or SSAs for fewer than 12 people and most of the other half covering schemes administered by insurance companies. Of these, 2,400 have been completed.

The unit has found "unsatisfactory" features in a quarter

of them, mostly in the form of benefits paid out which exceed Revenue limits. "We have identified over £1m paid out in excessive lump sum benefits," Lusk noted.

Inland Revenue limits cap the tax-free lump sum payable upon retirement to a quarter of the lump sum value of the pension. In too many cases, Lusk indicated, the overpayments appeared to be deliberate. "We see examples of manipulation in areas where it is difficult to believe it is anything other than manipulation."

One common example was under-reporting pension benefits. A senior executive coming into a company at age 40 might indicate that he had no prior pension anywhere; this allowed him to accrue pension up to the tax status his new place of employment.

Lusk said: "Perhaps 20 years ago, it might have been quite common for someone in middle age to join a scheme, having had no previous pension provision of any kind. But I would suggest that someone claiming the same now might at least

merit a follow-up question."

In particular, Lusk said, the Revenue was concerned by the number of cases it found of vast over-payment into insured schemes. "We have plenty of evidence that significant over-funding of insured schemes and arrangements is commonplace. When challenged, some insurers even admit that, in money purchase schemes, no checks are done until the member actually retires." Several companies had been identified as persistent abusers.

In considering how to deal with tax abuse of pension schemes, Lusk suggested that a new range of penalties should be enacted. Present ones either were too lenient or too harsh and individuals simply were forced to pay the tax they should have paid in the first place, or the tax status was revoked from the scheme itself. "Withdrawal can have a scatter-gun effect," which means that it is not always the right weapon to use where there has been a failure of administration," he added.

Norma Cohen

Health boost

A NEW RANGE of private health insurance plans has been launched by Clinicare and a French insurance group, Strasbourg Assurance Mutuelle. Consumers will be offered three types of plan (in descending order of cover): Carte Blanche, Classic and Club.

Clinicare claims the top-of-the-range Carte Blanche breaks new ground in the range of treatment covered. As well as hospital care, it pays for prescriptions and GP fees as well as dentists' and opticians' charges. Alternative medicine is also available.

The Classic plan is closer to the industry norm, says Clinicare, whereas Club offers in-patient cover but excludes benefits such as nursing at

home and physiotherapy. Clinicare also says it will offer some policy-holders cover for pre-existing conditions if they pay an additional premium. But it will not be offering this facility to patients with life-threatening conditions – such as AIDS.

Carte Blanche, for a married man aged 40-44 with two children, varies from £1,598 to £2,526 a year depending on the hospital; the Club plan would cost between £763 and £1,316.

These launches confirm an industry trend to offer an ever-wider choice of plans, although this makes it more difficult to compare the costs of schemes.

Philip Coggan

The Week Ahead

MARKS AND SPENCER

THE UK food and clothing retailer, is expected on Tuesday to announce a rise in pre-tax profits from £297.2m to between £710m and £730m. The average forecast of about 50 analysts is for a 15 per cent increase of 16 per cent, but last year's figures were reduced by exceptional redundancy costs of almost £50m. Stripping these out, the profits increase is likely to be between 7 and 8 per cent, reflecting a considerable pick-up in sales in the second half thanks partly to Marks' and Sains' "outstanding value" promotions.

Stores, which includes the BHS and Mothercare chains, should report pre-tax profits on Thursday of about £13m to £15m, after exceptional items. As these are mainly one-off costs relating to disposals and streamlining, the business should expect the City to pay more attention to the pre-excepti-

onal figure, forecast at 240m-245m (£15.5m to £16.5m).

Hanson, the Anglo-US conglomerate, is expected to report on Tuesday pre-tax profits for March to June. This compares with \$280m under the old accounting rules which stripped out extraordinary items.

TAKE-OVER BIDS AND MERGERS

ALL cash offers. *Offer not yet accepted. †Offer not yet accepted. ‡Offer accepted. *Based on 2.30pm price. **Based on 14.50pm price. \$Shares and cash. ¶Price at suspension.

PRELIMINARY RESULTS

Company	Sector	Year	Pre-tax profit (£m)	Earnings* per share (p)	Dividends** per share (p)
Airbus Nov Thail	Int'l	Feb	265	(30)	1.14
Airtel of Britain	Int'l	Dec	834	2,103	-
Bank of Ireland	Bank	Mar	124,000	(70,303)	4.9
Barclays Group	Int'l	Mar	3,800	(1,000)	0.04
BBA Holdings	Prop	Jan	8,700	(1,000)	-
BBC	Int'l	Dec	21,500	(25,200)	7.4
Body Shop Int'l	Prop	Feb	21,500	(10,000)	1.1
British Telecom	Tele Mar	1,970	(3,070)	1.8	
Cooper Clarke	Chem	Mar	15,400	(1,000)	12.5
Cross Jarrett	Manuf Mar	17,200	(10,000)	4.2	
Danica Business System	Prop	Mar	1,110	-	0.01
DBS (UK)	Prop	Jan	1,000	(1,000)	1.2
Doncasters Tyres	Chem	Dec	34,400	(22,000)	12.5
Frost Art Develop	Prop	Mar	10,100	(8,000)	4.15
FTI (James)	Prop	Mar	1,000	(1,000)	0.3
Freightliner	Int'l	Mar	48	(1,250)	0.12
Globe Maritime Group	Int'l	Mar	973	(350)	4.03
HSBC UK Smaller	Int'l	Mar	3,720	(229)	2.25
Jarvis	CNC Dec	23,400	(227,500)	3.17	
Land Securities	Prop	Mar	233,400	(227,500)	22.5
London Atlantic	Int'l	Mar	2,020	(1,000)	1.2
Macmillan Group</td					

FINANCE AND THE FAMILY

Doing the splits

The great leap forward

Split capital trusts are investment trusts with several different classes of share, designed to appeal to as many investors as possible. They can be highly tax-efficient, but they can also be risky and confusing. In a new series, PHILIP COGGAN will examine the structure and records of some of the leading split trusts

IN 1987, River & Mercantile made a leap into the unknown. It was one of the first big trusts to create the modern fashion for a split capital structure. Its success has allowed its managers to offer a range of similar trusts and enabled the trust to expand via a rights issue in 1991.

The trust was founded in 1981 as the River Plate Trust and Loan Agency Company to finance the development of the pastoral industry in Argentina. The name change to River & Mercantile occurred in 1982 but the company did not formally become an investment trust until 1978.

After more than a decade as a UK income trust, the change to split capital status was aimed at eliminating the discount to net assets, a problem that plagued all investment trusts in the 1980s. Since the package of shares currently stands at a premium to asset value six years later, the move must be counted a success.

As with a conventional investment trust, the assets of a split capital trust are invested in shares and other securities. What makes a split different is that the rights over those assets are divided in unconventional ways. The earliest type of structure was to give all the revenue to one class of shareholder and all the capital growth to the rest. But there are infinite possibilities and investors need to be clear what they are buying.

In the case of River & Mercantile, there are four classes; preference, stepped preference, income and capital, plus warrants on the capital shares.

There is a fairly small amount of preference shares in issue, which pay a fixed rate of 5 per cent. The other three

classes of shares are really the key to the trust. The stepped preference shares have the right to receive a 5 per cent annual increase in dividend, plus a 5 per cent increase in asset backing. The repayment value of the shares, when the trust is wound up in 1999, is scheduled to be 183.5p. At the end of 1992, the net assets per stepped preference share were 134.01p. The initial price in 1987 was 100p.

The dividend for 1992 was 5.56p and for the current year, it will be just under 5.63p. At a price of around 149p, the shares are on a yield of around 4.7 per cent.

Someone who buys a stepped preference share is therefore buying a relatively safe security – one which will not make them rich but which will allow for steady dividend growth.

The income shares have the right to the revenue of the trust after the preference and stepped preference shareholders have been paid. Dividends are paid quarterly and for 1992, the total dividend was 8.2p.

Antony Foucar, the chairman, says the board intends to maintain that dividend this year.

The shares were initially priced at 100p and have the right to be repaid at 100p on the wind-up date in 1999. However, the income shares will only be repaid after the preference and stepped preference shares have their entitlement.

Any income-seeking investor needs to be aware that buying the shares at the current price (around 115p) involves locking in a capital loss. The flat yield looks attractive at 10 per cent, but if the dividend fails to grow between now and 1999, the gross redemption yield (which allows for both income and capital loss) falls to 9.7 per cent, according to analyst Lewis Aaron at SG Warburg.

However, potential capital loss on these income shares is much smaller than on many other trusts in the sector. This safety element means the yield on these shares are lower than on many other income shares in the split sector, says Aaron.

The capital shares receive no revenue but are entitled to all the assets of the trust after the preference, stepped preference and income shares have been repaid. The asset value on May 7, assuming the other classes of shares are repaid in full, was 55p, compared with a share price of 74p. On the current

entitlements of the other shares, the net assets per capital share are 172p.

This discrepancy is one of the problems for investors who want to buy capital shares. In the back pages of the Financial Times, capital shares appear to be at enormous discounts to asset values – over 50 per cent in the case of River & Mercantile's capital shares. To the casual observer, they might seem as if they are fantastic bargains.

But these discounts cannot be judged in the same way as those which apply to conventional investment trust shares. The steady increase in the claims of the other shares are like termites nibbling away at the foundations of the capital shares. The trust needs to grow merely for the asset value of the capital shares to stand still.

In the case of the River & Mercantile trust, the assets of the trust need to grow at around 0.5 per cent per annum to repay the current share price and at 3.3 per cent per annum for the investor to earn the stated net asset value of 172p per share.

In short, the capital shares are a highly geared play on the success of the managers in growing the trust. A small difference in annual percentage performance can result in an enormous difference in the eventual return to the capital shareholders.

If the assets of the trust grow at 2.5 per cent per annum, the capital shares will offer a 10.66 per cent annualised return, according to Warburg's Aaron. At 5 per cent asset growth, that return increases to 18.9 per cent. Iqbal Assan, split capital specialist at brokers Offitt & Partners, sees R&M's capital shares as among the most attractive in the sector.

The warrants entitle the holder to buy one capital share at 245p. Obviously, with the capital share price at 75p, a lot of growth is needed for the warrants, currently at 11p, to be worth exercising.

The structure of such a trust is obviously important, but in the end the success or failure of the trust must depend on the assets in which the manager invests.

The portfolio yield is around 6 per cent to 6.3 per cent, says manager Piers Godfrey, the equivalent of around 160 per cent of the yield on the All-Share. Achieving that yield by

buying ordinary shares would involve buying some high risk stocks so Godfrey has around 20 per cent of the portfolio in fixed interest securities, mainly preference and convertible preference shares.

If the assets of the trust grow at 2.5 per cent per annum, the capital shares will offer a 10.66 per cent annualised return, according to Warburg's Aaron. At 5 per cent asset growth, that return increases to 18.9 per cent. Iqbal Assan, split capital specialist at brokers Offitt & Partners, sees R&M's capital shares as among the most attractive in the sector.

The ordinary shares in the portfolio fall into three segments, according to Godfrey.

The main element is a core of high yielding stocks, such as the utilities. Then Godfrey will buy recovery and cyclical stocks for the upturn – but these are not shares which he would hold for long periods.

Finally, he will buy a limited portion of growth stocks, where faster-than-average dividend increases are expected.

The ten largest holdings in

the portfolio are: BT, BAT,

British Gas, National Westminster,

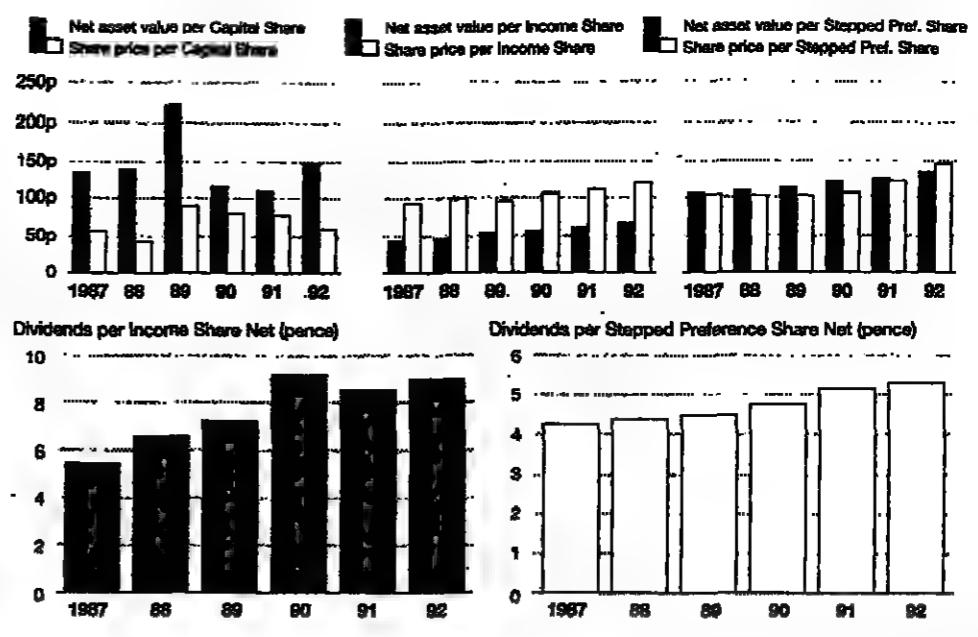
Shell, Fisons, General Accident, Smith & Nephew, BICC and P&O.

"The share price has never really recovered from the rights issue two years ago but it has delivered the goods in terms of asset performance," says Warburg's Aaron.

With a high-yielding portfolio, River & Mercantile has benefited from the post-managed

recovery. But manager Piers Godfrey accepts that,

River & Mercantile Trust



because of the need for UK corporations to rebuild cover, there may be little scope for dividend growth on the income shares in the short term.

■ Key facts. The trust has assets of £178m and a market capitalisation of £180m, so the overall package of shares stands on a slight premium. The quarterly fee paid to the managers is the higher of 1.25 per cent of the gross annual revenue plus 0.05 per cent of the value of the investments, or £117,500, together with one

quarter of the dealing profits of R&M Securities.

■ Board. Antony Foucar, chairman, is the former chairman of insurance brokers John Plumer. Philip Macpherson is deputy chairman of Misys and an investment banking adviser to Baring Brothers. The other two directors are River & Mercantile employees, Piers Godfrey and Vivien Gould.

■ Savings scheme and Personal Equity Plan details. There is no savings scheme, except via the Pep. The River

& Mercantile group, which

manages several investment

trusts, offers a variety of Peps.

The stepped preference and

income shares of the main

River & Mercantile trust are

available in an income Pep.

The initial charge on these

plans is 4 per cent plus VAT

and the annual charge is 1 per

cent plus VAT. Minimum

investment is £3,000 or £250 per

month. R & M also offers

actively managed Peps, which

invest in all its trusts.

Aiming for the top with a PEP? Here's a checklist before you set off.

Piano men hit wrong chord

Q&A

BRIEFCASE

FOLLOWING the death of my eldest brother, my surviving brother was appointed executor of the estate and decided to dispose of some furniture, starting with the piano. A professional piano restorer paid cash and took it away.

In moving it he and his helper apparently scraped the common stairway wall in several places. The building's management company sent a bill for repairs to the solicitors administering the will and estate, who assigned £500 to cover repair costs.

I suggested to the solicitors that the restorer was to blame and should pay. After some correspondence, including threat of legal action, the restorer agreed to pay half. In law, who should be held responsible for repairing the damage? These events took place in Scotland.

It is clear that the executors of your brother's estate have a right of relief against the restorer and his helper. The management company is seeking full payment from the executors, but the executors can in law seek full reimbursement from the perpetrator of the damage if they can prove the removal was negligent.

The executors might not wish to incur the legal costs in trying to recover the remaining 50 per cent but, from the facts given, it would appear likely that they have grounds to do so.

Can I auction pension fund?

UPON LEAVING my previous employer, I transferred my pension into a lump sum bond with a life assurance office. This is invested in unit trusts and will provide a lump sum plus a pension for me at age 50. The sum held in units is £50,000. Can this kind of fund be auctioned? If so, how would I go about it? I am now 44 and recently lost my job. I would like to use any money realised at auction to go into business.

■ Retirement annuity policies, unlike ordinary life policies, are not assignable (an inland

legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

Revenue requirement) and benefits can be taken only in the approved form by the person who has enjoyed the expense relief on his or her contributions.

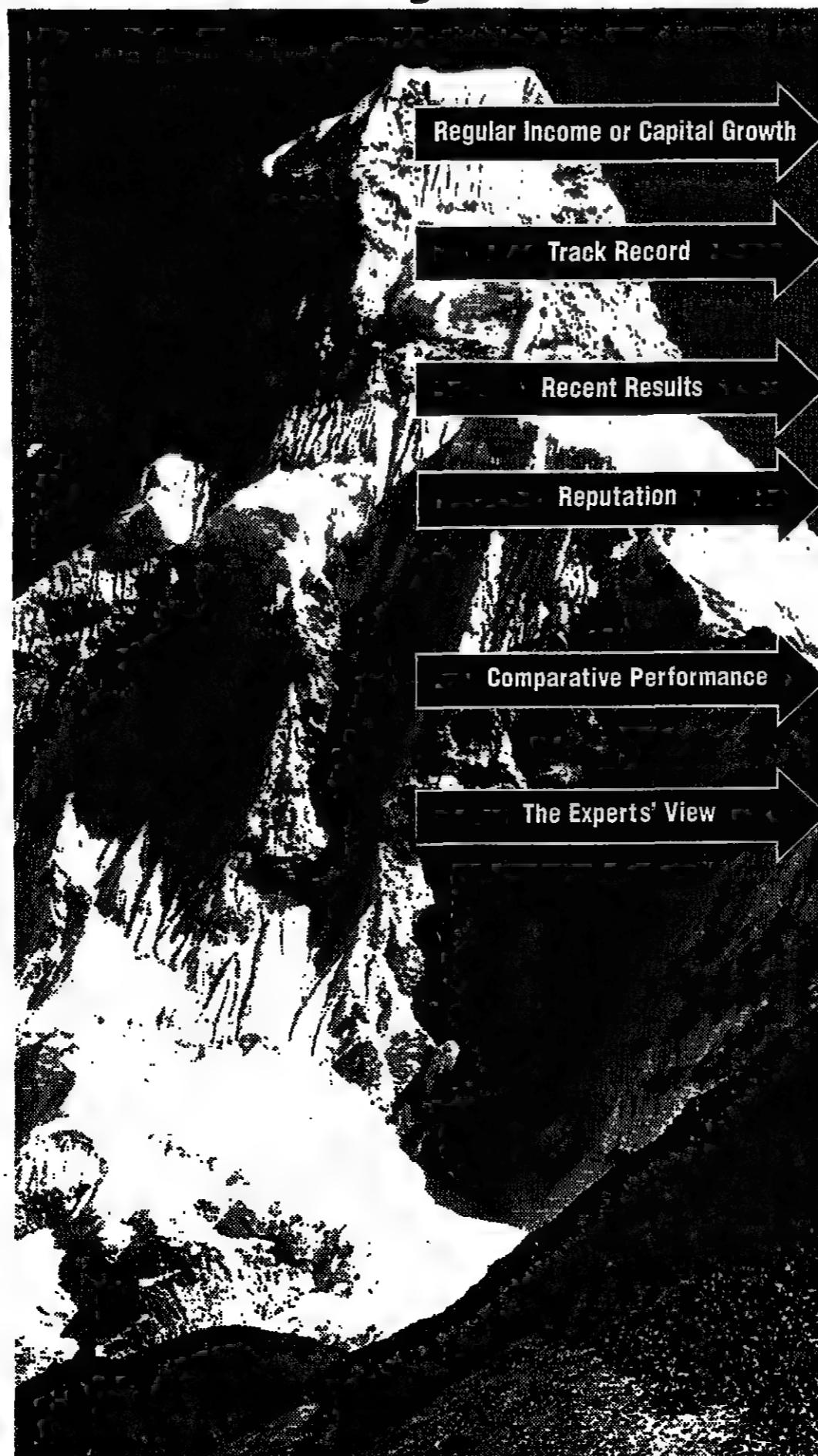
If you wish to raise some capital to start a business, you should ask the insurance company whether it is prepared to make you a loan.

Over the years, a number of insurance companies have been prepared to offer loan facilities to their pension policy-holders up to the amount that they reasonably expect to be repaid out of the tax-free lump sum which can be taken at retirement (and which, therefore, provides a guarantee that the loan will be repaid).

Working in Germany

I HAVE moved to Germany to work on a self-employed basis for an indefinite period. Should I continue to pay Class 3 voluntary contributions or would it be more beneficial to invest this money myself?

■ The decision will turn on how long you expect to remain outside the UK. If you continue working in Germany, it is probable that you will in due course be required to start contributing to the German social security system. In the interim period, payment of Class 3 contributions will keep the door open for return to the UK system. We suggest that you write, setting out your position and quoting your National Insurance number, to: Department of Social Security, Overseas Branch, Longbenton, Newcastle-upon-Tyne NE98 1YX.



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Reputation

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The Experts' View

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Sector Average

+ 52.3%

+ 132.9%

- 58.3%

- 11.7%

- 30.3%

- 34.2%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

- 31.3%

1 Perpetual's PEP is designed to give you a choice. Our Income PEP invests in the High Income Fund and aims to pay you a healthy level of income every six months. Our Capital Growth PEP invests in the PEP Growth and Income Fund and aims to provide you with strong capital growth.

2 Since Perpetual's High Income Fund was launched on 8th February 1988, the value of its units has risen by 132.9% compared to a sector average of just 58.8%. And since launch on 30th September 1989, the value of units in the PEP Growth and Income Fund has risen by 94.2% compared to a sector average of just 11.7%.

3 Over the last 12 months, the unit value of the High Income Fund has grown by no less than 22.1%. The unit value of the PEP Growth and Income Fund has grown by 20.7%.

4 As a result of its outstanding investment record, Perpetual has received no less than 15 major investment awards this year, including the Sunday Times International Unit Trust Manager of the Year, The Observer Unit Trust Manager of the Year, and the Sunday Telegraph Overall Unit Trust Group of the Year.

5 The High Income Fund leads the other 25 funds in its sector since launch – over 39% ahead of the second ranking fund. The PEP Growth and Income Fund is top of the 149 funds in its sector for its performance since launch.

6 ... "The Sunday Telegraph asked 10 independent financial advisers for their selection ... and one fund manager overall, clearly came out on top. The favourite income PEP is Perpetual's High Income unit trust-based plan, while the favourite capital growth plan is Perpetual Growth and Income."

SUNDAY TELEGRAPH 73.9%



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Notice Convening the Ordinary General Meeting

The Shareholders of STET - Società Finanziaria Telefonica p.a. are hereby notified that the Ordinary General Meeting will be held in the Conference Hall at 34 Via Bertola, Turin, at 10:00 a.m. on the 3rd of June, 1993 and, if necessary, a second meeting will be held on the 4th of June, 1993, at the same time and place, to discuss and resolve the following:

Agenda

- 1) Board of Directors' Report and Statutory Auditors' Report; Financial Statements for the year ended 31st December 1992; relevant resolutions.
- 2) Appointment of the Directors previous determination of their number and remuneration.
- 3) Appointment of Statutory Auditors and Board of Statutory Auditors' President previous determination of their number and remuneration.

The Shareholders shall have the right to attend the Meeting provided that, at least five days before the established date for the Meeting, they have deposited their ordinary shares with the Company's Treasury Department at 28 Via Bertola, Turin, or 41 Corso d'Italia, Rome, or with any other duly-authorized banks, as well as through Monte Titoli S.p.A., for the shares managed by it.

A broad, the ordinary shares may be deposited with:

- London: Banca Commerciale Italiana - 42, Gresham Street - EC2V 7LA;
Credito Italiano - 17, Moorgate - EC2R 6HX;
Banca di Roma - 87, Gresham Street - EC2V 7HQ;
- New York: Banca Commerciale Italiana - One William Street - N.Y. 10004;
Credito Italiano - 375 Park Avenue - N.Y. 10152;
- Paris: Banca Nazionale del Lavoro - 26, Avenue des Champs Elysées - 75008;
- Frankfurt am Main: Istituto Bancario San Paolo di Torino - Schillerstrasse, 26 - D 6000;
- Zurich: Lavoro Bank A.G. - Talacker, 21 - 8001.
on behalf of the Board of Directors
Biagio Agnes
Chairman

The Company's Financial Statements, the relevant enclosures, the Reports of the Board of Directors, of the Statutory Auditors and of the Independent Auditors, the Group's Consolidated Financial Statements and the relevant Independent Auditor's Report will be available for the Shareholders at the Offices in Turin and Rome from the morning of the 26th of May 1993.



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FINANCE AND THE FAMILY

Working women who lose out

A simple adjustment to NI contributions can make the difference, says Debbie Harrison

JUST under 500,000 working women face a reduced income in retirement because they have no right to a basic state pension in their own name. Instead, they will join the ranks of the 1.5m women who are forced to rely on their husbands' National Insurance record to claim a proportion of the pension. Even this can be lost if the woman changes her marital status.

Yet, these women could improve their pension prospects by making a simple adjustment to their NI contribution arrangements. In some cases, the adjustment could even boost take-home pay.

NI is a form of tax on earnings and is levied by the government to fund a range of benefits including pensions and sickness and disability payments. Most employees pay full-rate contributions but about 460,000 working women pay a reduced rate known commonly as "the married woman's stamp".

This is an anachronism left over from a more paternalistic era when it was assumed automatically that women would be provided for in retirement by their husbands' company and state pensions. Under the old rules, women who were married or widowed before April 5 1977 could elect to pay the reduced rate but all who started work after that date had to pay the full rate.

The married woman's stamp was popular originally because it meant a much lower deduction from the weekly or monthly pay cheque. But, in return, these women forfeited the right to a basic and earn-

ings-related state pension in their own names. Instead, they claim what the department of social security (DSS) calls a "category B" pension, which is worth 60 per cent of the spouse's basic state pension.

Before October 1989, there were still significant savings for most women who paid reduced-rate contributions. That year, however, the DSS restructured the NI rate bands. Since then, many women could have switched to the full rate for little or no extra cost and at the same time, they would have started to build up a claim to the state pensions.

In fact, as the table shows, women who earn less than £76 a week will actually pay less under the full rate than they do at present under the "reduced" rate. Those earning more than £76 a week should seek advice from the DSS to find out if the benefits they will earn under the full rate before retirement will more than compensate for the higher contribution costs involved.

The decision for higher earnings-related state pension in their own names. Instead, they claim what the department of social security (DSS) calls a "category B" pension, which is worth 60 per cent of the spouse's basic state pension.

They will, however, earn a right to a state earnings-related pension (Serps), since credits for this build up from day one. Serps is worth between 20-25 per cent of "band" earnings - that is, earnings between the lower and upper threshold for NI. For the present tax year, this means earnings between £58 and £240. Depending on when a person retires, the Serps pension will be based either on their best 20 years of earnings or on average earnings over their entire career.

If you pay contributions for a shorter period, your pension is reduced accordingly. As a rule of thumb, you need at least 10 years' full-rate contributions to qualify for the smallest proportion of the state pension at present worth £14 a week.

Under present proposals, it is almost certain that the government will raise the female state pension age from 60 to the male age of 65. But the change will be phased in, and will not affect women over 60. This means that they will not be able to achieve the minimum contribution period for the lowest proportion of the basic state pension.

The category B pension does not become payable until the husband reaches 65, whereas a state pension earned in a woman's own name would be payable from age 60. When the husband reaches age 65 the woman will receive the higher of the category A or B pensions but, unfortunately, not both.

Married women and widows who pay NI contributions at the reduced rate will have a valid certificate, in most cases held by their employer. This will bear a reference: either CF383, which is a certificate of election to pay the reduced rate, or CF380A, which is a certificate of reduced liability.

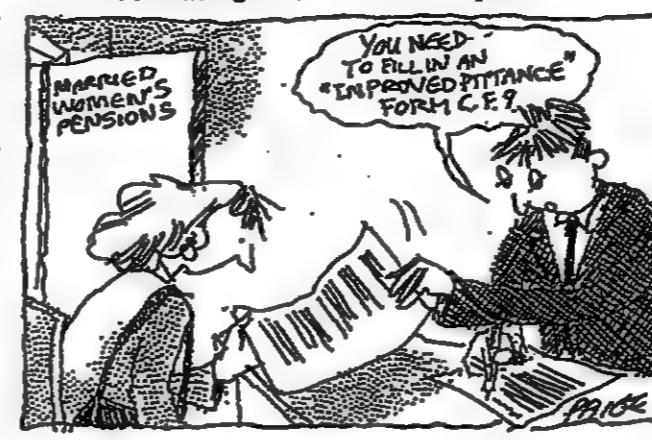
To make the switch to the full rate, they should contact their local DSS, ask for form CF9, and return it together with their CF383 or CF380A certificate. But they should check their facts carefully to make sure they will benefit from the switch since, once they have made it, they cannot revert back to the reduced rate.

Those who wish to continue paying the reduced stamp should bear in mind that this right is lost if they spend more than two consecutive years out of employment. Moreover, the right is withdrawn if their marriage ends in divorce or annulment, although widows who remarry can continue to pay the married woman's stamp.

Since 1978, women who have

had a career break to raise a family or look after an elderly relative have been able to claim Home Responsibilities Protection (HRP). This provides credits towards the basic state pension but does not build up a right to Serps.

For a full explanation of your state pension prospects, ask for pension form BR19 at your local DSS.



Investment Trusts

It pays to be choosy

INVESTMENT trusts are good for you - at least, nearly everyone says they are - but which one should you choose? Our series* on the sector, which ended last week, profiled some of the leading names. The rationale was that while many articles have been written about investment trusts in general, far fewer have described the activities of individual trusts.

Looking at the press clippings, it was surprising to find how limited was the coverage of many trusts with market capitalisations of several hundred million pounds. Some had not been the subject of an extended article for five years.

The trusts themselves do not make it very easy for the beginner investor. Many have names which reflect their 19th century roots - such as Scottish Mortgage - and which bear little relation to their present areas of investment.

The more information an investor can be given, the better. The Association of Investment Trust Companies has done a good job in this respect in recent years (and it was sad to note the death this week of Philip Chappell, one of the main driving forces behind the ATC). Some individual management groups have also produced very clear guides to their trusts.

For those willing to take extra risk, the venture capital trusts covered (Electra and Pantheon) may prosper from a combination of economic recovery and a narrowing of the discounts. Two trusts, Fleming Claverhouse and TR City of London, would be worth considering if their shares were not trading at a premium to net assets. It makes little sense to pay 105p for assets of 100p when shares in other well-managed trusts are available at a discount. But Fleming Claverhouse launched a share issue this week, which could reduce this problem.

Penty of good trusts were not covered in the series, and a stockbroker or good independent adviser should be able to guide you through the maze. For those who like to do their own research, trusts marked with the "ace of clubs" sign on the FT's London Share Service pages will provide free annual reports by ringing 081-643-7181.

Callers will need to state the code number which appears every day at the end of the FT's share listings.

* Back copies, call 071-573-3324. Copies cost from 65p plus postage to £1 plus postage, depending on issue.

Philip Coggan

INVESTMENT TRUST SERIES

Trust	Publ date	Market Cap* (£m)	Nav per share (p)	Share price (p)	Yield (%)	Performance
TR City of London	Jan 16	255.2	130.1	134	4.4	136.8
Lowland	Jan 23	58.2	250.8	250	4.2	93.1
Edinburgh	Jan 30	781.5	296.5	268	4.0	107.5
Foreign & Colonial	Feb 6	1,166.0	237.0	222	1.9	131.4
Alliance	Feb 13	817.5	1,784.8	1,622	3.6	140.5
Second Alliance	Feb 13	272.7	1,602.5	1,420	3.2	135.0
Fleming Claverhouse	Feb 20	824	188.9	199	3.4	85.6
Electra	Feb 27	377.1	324.1	218	3.8	24.8
Scottish Mortgage	Mar 6	883.5	218.6	189.5	2.7	113.2
Scot Am (SAINTS)	Mar 13	308.5	160.6	138	4.0	97.1
Govt Strategic	Mar 27	233.7	270.8	238	3.6	22.8
Anglo & Overseas	Apr 3	590.6	418.0	342	2.5	88.4
Throgmorton	Apr 10	194.5	75.4	65.5	4.4	-4.8
Pantheon Int'l	Apr 17	20.6	177.7	141	2.2	133.2
Saxa Trust of Scot	Apr 24	260.2	83.7	80	5.1	99.9
Bankers	May 1	230.8	154.8	149	2.8	148.8
Merchants	May 8	243.4	240.8	238	5.6	102.7

*Gross for All Cap, net per share, share price and yield taken from May 11. Net based on NetWest Securities estimate. + % growth over the years end-to-end to mid-market, with net income reinvested to May 1. Source: Mupert.

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FINANCE AND THE FAMILY

Diary of a Private Investor

Glimmerings of a golden future

Kevin Goldstein-Jackson takes a modest plunge

THE LEAFLET fluttered out of the free newspaper. A "long-established family jeweller" would be visiting an hotel near my home. It offered an "expert and discreet service" and was keen to buy gold, silver and antiques - including "large or small quantities of scrap gold or silver". The leaflet added: "Foreign and un-marked gold and silver tested immediately."

So, I went to the hotel. I expected to find a small queue of people, drawn by the offer of confidentiality and the recent rise in the price of gold. After all, many retired people in the area, with modest fixed pensions, have been used to living off the interest from their bank and building society deposits. With comparatively low interest rates, would some now be forced to sell some of their heirlooms, including gold and silver items?

The hotel was quiet and there was no queue; indeed, I was the only visitor although, admittedly, I had arrived at 3.30 pm and the jeweller was due to depart at 4. I found him wrapping one of his antique purchases. He did not appear to have been very busy.

I produced a small gold bar: one tael (1.23 ounces) of fine gold, stamped with the seal of the Hang Seng bank, which had been given to me some years before. Since the gold price for the previous day had been £224.47 an ounce, I thought my bar would be worth around £270.

The jeweller took it, produced a pair of electronic scales and weighed it. Then he scrutinised it through an eye glass. "Just one moment," he said. "I'll have to check the price." He left the room.

On his return, he told me: "I can give you £230 for it. The price of gold will go down tomorrow."

Looking at my disappointed face, he added: "Well, maybe you would like to think about it. I'm back here again next week."

I thanked him, took my bar and departed. The next day, I checked the paper for the gold price. It turned out that the morning "fix" before I saw the jeweller had been £224.823 but the afternoon price was up, at £226.343.

I thought a dealer spread of more than 16 per cent was a bit much, although I appreciated

that he probably would had to sell the bar to another dealer who would have taken a profit as well. Compared with "mark-ups" on ordinary goods sold in shops, I suppose it ought to have been considered a good deal. But I then phoned Spink and Son in London.

One of its dealers offered me 95 per cent of the spot gold price if I brought in the bar for examination. The dealer said that because Spink had a high turnover in gold bullion and coins, it could afford to work on smaller margins.

I asked if I could get an even better deal if I had a number of gold bars instead of just one. The dealer replied: "If you walked in with a couple of kilo bars, we would try to get closer to the spot price."

In fact, I do have a number of gold bars although unfortunately, each of them weighs one tael rather than a kilo. I bought most of them in Hong Kong in 1985 and they have been in a bank vault ever since.

With all the recent publicity about gold purchases by George Soros, the influential financial speculator, and the subsequent jump in its price, one might imagine that my bars have proved a very profitable investment. In fact, the reverse is true.

In spite of the recent price rise, gold has still not quite reached the price I paid in 1985. And, of course, this investment pays no interest and no dividends. Compared with what I could have earned from cash on deposit or from shares, my gold has been a very poor performer.

"But," say the pundits, "if George Soros buys gold, it must be a good investment. Look how much he made last September by correctly judging the currency markets and seeing that the pound would, effectively, be devalued."

But Soros is also the first to admit that he did not escape the effects of the 1987 stock market crash. No one can be right all the time.

Also, it appears to me that Soros is more of a "dealer" than a long-term holder. There is nothing wrong with that; but it does concentrate one's mind on a rapid exit route should Soros decide suddenly to sell.

So, I am keeping my gold for the time being. Not because of Soros, but because of what



it's weight is surprising: it has been claimed that all the gold ever mined (around 110,000 tonnes) could still fit into a five-bedroom detached house.

As well as being used in jewellery and dentistry and as a useful, easily-portable international "store of value," gold also has uses in electronics. So, I expect demand for it in the short term to remain high. While this does not mean I am rushing out to buy more of it, I have increased my personal pension fund's holding in Lonrho.

As I mentioned in my article on May 1, I decided to take

BES investors face threat to tax relief

MORE THAN 55,000 investors in loan-back business expansion schemes stand to lose tax relief if proposals for an amendment to the Finance Bill are enacted.

Michael Stern, Conservative MP for Bristol North West, proposed this week that an investor in a BES where shares were issued after December 31 1992 should lose relief on a loan taken up after June 30 this year. "This would be retrospective legislation of the worst possible kind," said John Spiers, of BEST Investment.

"It would be disappointing - to put it mildly - if this went through."

Loan-back schemes allowed investors an exit from their investments after six months and were introduced in September to attract more investment. The majority of business expansion schemes issued this year have been loan-back, and Spiers estimates £55m has been raised by some 55,000 investors since the beginning of January. They get tax relief at their highest marginal rate, and loan-back schemes depend on this relief in order to work.

By offering these loans after six months - typically, of 75p for every £1 invested - banks and building societies gained cheap finance. Top-rate taxpayers benefited since, effectively, they invested only 60p for every £1 received by the institutions.

Schemes where shares were issued after midnight on March 15 were abolished by the chancellor in the Budget. But Stern's proposal would make loans to all the BES companies launched in the busiest period of the year - from January until the chancellor's Budget deadline - ineligible for tax relief.

Mavis Seymour, BES tax specialist at accountants Stoy Hayward, said: "People who applied for shares did so because they thought there would be no loss of BES tax relief if the loan was taken. Someone who invested their redundancy money would have had every reason to suppose that the law would not change."

Stern has also proposed another change which would make loans received in these schemes liable to capital gains tax, and BES sponsors this week expressed surprise and alarm at the proposed amendments.

"We are all very concerned about it," said Tim Heaton, business development manager of Close Brothers, the second-largest sponsor of loan-back schemes. "Stern is trying to put the kibosh into these schemes even more than was originally envisaged." Ross Macdonald, partner at Neill Clark, added: "I'm totally against Stern's proposals because investors invested on the basis of the law as it stood. It would be disappointing - to put it mildly - if this went through."

Stern's proposals, if selected for debate, would not be discussed for several weeks and the Finance Bill is not expected to be enacted before the end of July.

Meanwhile, National Westminster bank and BZW, the securities arm of Barclays bank, are expected to take the Inland Revenue to court over the tax status of the loan-back BES companies which they launched before the Budget. The Revenue said recently it did not accept that shares in them had been issued in time to beat Norman Lamont's deadline of midnight before the Budget.

Scheherazade Daneshku

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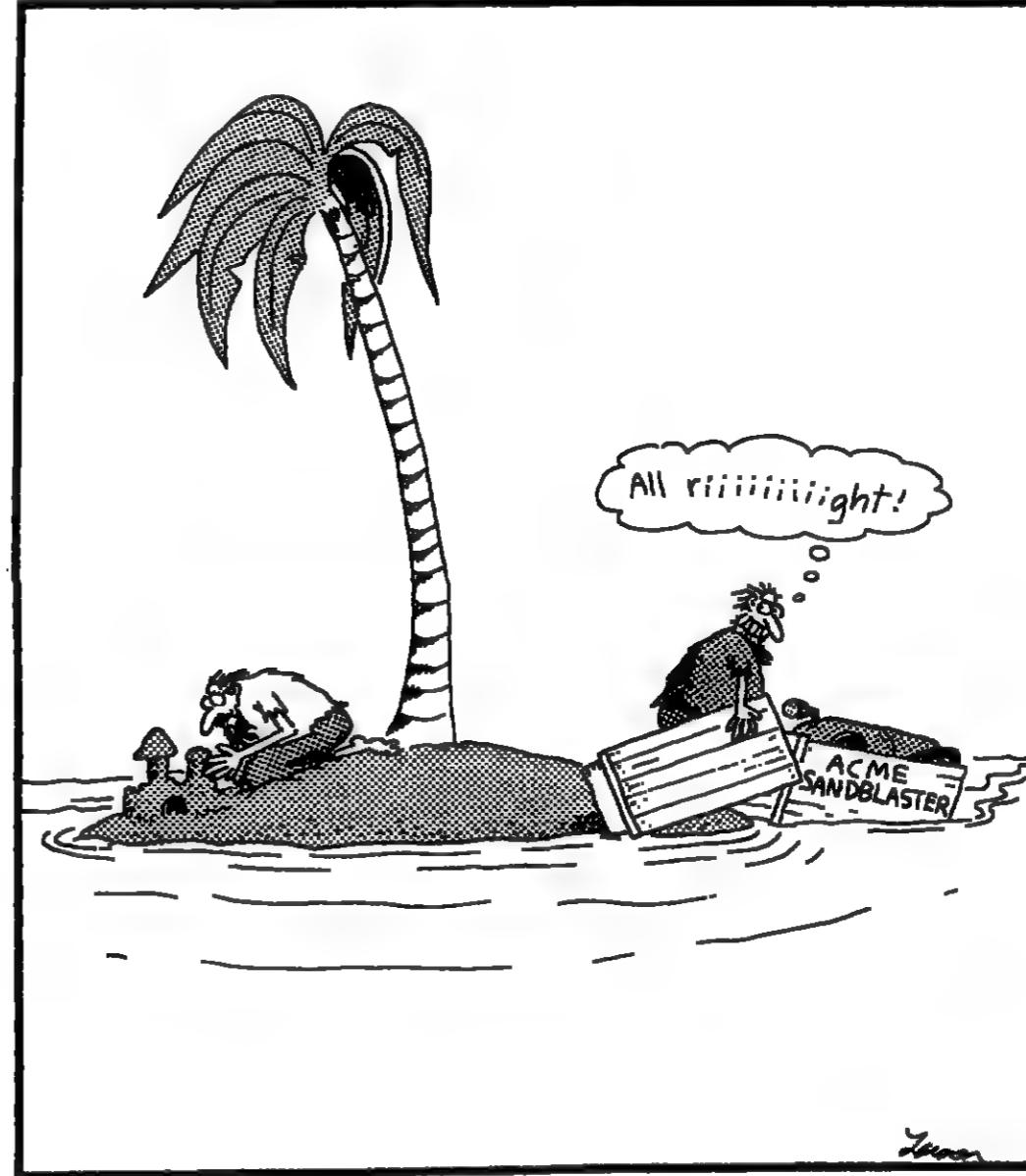
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NATIONAL SAVINGS

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Directors' transactions Titon executives sell 1m shares

BETWEEN FEBRUARY and June 1991, three directors of Titon Holdings, the building materials group, bought shares at prices between 48p and 68p.

Since then, the price has risen steadily and is up more than 60 per cent relative to the FT All Share index over the past year.

On the day the company announced its final results, along with a bullish statement about prospects, executive directors sold a total of 1.01m shares at 208p.

According to the chairman, these sales were made to satisfy demand for the stock from institutions.

Sir Harry Solomon, now a non-executive director of Hillsdown Holdings, the food

The Inside Track

manufacturing group, bought 250,000 shares at 80.5p in September last year, along with Sir John Nott, the chairman, and John Jackson, the deputy chairman.

Sir Harry has now sold 1m at 161p to reduce his holding about 4.5m. At the same time, Ray Mackie, the recently appointed financial director, bought 25,000 at 155p.

J.D. Wetherspoon came to the market in October last year at 160p. Since then, the price has outperformed the market by 59 per cent and Anthony Lowrie, one of the company's non-executive directors, has sold 100,000 shares at 275p, reducing his holding to 991,054.

According to the chairman, these sales were made to satisfy demand for the stock from institutions.

Sir Harry Solomon, now a non-executive director of Hillsdown Holdings, the food

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)				
Company	Sector	Shares	Value	No. of directors
SALES	Prop	2,096	11	2
Bilton	FdMa	76,000	350	1*
Cadbury Schweppes	FdMa	260,000	267	2
Computer People	Eins	150,000	153	1
Dencora	Prop	70,100	268	1*
Frogmore Estates	Prop	1,000,000	1,610	1
Hillsdown Holdings	FdMa	1,000	10	1
Huntleigh Technology	Hith	45,000	310	1
Iceland Frozen Food	FdRe	13,500	25	1*
MAI	Hith	100,000	179	1*
ML Laboratories	Eins	13,217	15	1
Pson	FdMa	3,500	24	1
RMC	BdMa	51,592	105	1*
Scholl	Hith	1,010,000	2,101	6
Titon Holdings	BdMa	30,000	96	1
Victaulic	EngG	7,282	279	1
Weatherspoon (JD)	Brew	100,000	18	1
<hr/>				
PURCHASES				
Eastern Electricity	Elec	2,260	11	1
Hillsdown Holdings	FdMa	25,000	39	1
Moorgate Smaller Co.	FdMa	26,741	34	2
Tesco	FdRe	40,000	88	2
Tiphook	Tran	5,000	12	1
Tomkins	Cong	7,282	18	1

Value expressed in 2000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (1% if 100% subsequently sold), with a value over £10,000. Information released by the Stock Exchange 4-7 May 1993.

Source: Directs Ltd, The Inside Track, Edinburgh

SPORT AND MOTORING

Motoring/Stuart Marshall

Top marks for the Alfa

THE ALFA Romeo 164 has had its first serious revamp in nearly five years. As a result this big, front-wheel driven saloon's appeal to user-choosers of two- and three-litre cars has been strengthened. Some Alfa Romeo buyers always have put performance before everything else. They get a 164 Cloverleaf - wide-tired, sprung firmly and fitted with aerodynamic body extensions. Its leather seats are as unyielding as a hunting saddle but it leaps from standstill to 100 kph (62 mph) in well under eight seconds and owners can boast of an unusable 245 kph (152 mph) top speed.

The secret of the £28,100 Cloverleaf's vigour is a new, 24-valve development of Alfa Romeo's classic short-stroke, three-litre, V6

engine. It puts out a lusty 235 horsepower at 6,300 rpm and develops maximum torque (in plain language, pulls hardest) at 5,000 rpm. As overall gearing is fairly low at 24 mph (39 kmh) per 1,000 rpm in fifth, the V6 spins freely when I drove it briskly on uncrowded, hilly roads in north-east Scotland the other day. It pulled nicely in fifth in town traffic and cruised in relaxed fashion on dual carriageways. Alfa's figures suggest it might give an uncharacteristically light-footed driver around 27 mpg (16.46/l/100km). Even by Alfa Romeo standards, it cornered and held the road exceptionally well.

The Cloverleaf's stablemate is the slightly less potent (200 hp) but more resiliently sprung 164 Super. Both come with air-conditioning, heated and power-adjusted front

seats, six-speaker radio/CD player and ABS brakes.

The Super, which lacks the Cloverleaf's aggressive looks, costs £25,100 (or £26,504 with automatic transmission). I liked it even better because ride comfort means more to me than the ultimate in handling. I thought a 164 Super might seduce the user of a Saab 9000 2.3 turbo hankering after a bigger engine; or a Ford Scorpio driver in search of greater charisma.

Entry model in the revised 164 range is the £16,850 Twinspark. It lacks the sheer muscle of the V6 but the two-litre, four-cylinder twin-cam is no weakling, with 146 horsepower on tap. The Twinspark had the neatest handling and the best ride of the lot.

The Alfa Romeo 164, Fiat Croma (no longer sold in Britain), Lancia

Thema and Saab 9000 share the same underpinnings. They started off as a joint exercise because neither Fiat Group nor Saab could contemplate the cost of developing a big, new car on its own. Inevitably, they grew apart; now, the Alfa Romeo 164 is arguably the most individual and best looking of the four.

Alfa Romeo's always have let their drivers feel in more intimate contact with the mechanics than most other cars although you get the same feeling in a Porsche. All the 164s make lovely growly noises when you put your foot down and let the engine roar to high revolutions.

The three I drove all had a slight whimper in the transmission when going from power-on to power-off. I was happy to put this down to



Alfa Romeo 164 Super; a large, comfortable high performer with a 200 horsepower, multi-valve V6 engine

character, because they felt solidly built and one could believe they would be mechanically enduring.

Speaking of which, it really is time Alfa Romeo and Lancia were allowed to come in from the cold. The bad old days, when Italian car makers took a cavalier attitude towards mundane matters like corrosion resistance, have long gone but the stigma remains.

Most of the sheet steel used in Alfa Romeo and Lancia bodies is galvanised and the anti-rust warranty has been extended from six to eight years. Mechanical and electrical frailties, too, are said to be things of the past.

There is no way of proving this in a brief test drive only extended use can do that. But Grant and Taylor, a London firm of informa-

Cricket/Teresa McLean

Bright and dull

AS WE neared the Northampton cricket ground last Sunday, we came upon a road-race. Officials pointed the way for men in coloured shorts and vests who sweated and panted, grimaced and tried to re-attach their flapping numbers as they ran.

It was a bad omen but I consoled myself with the thought that they were probably doing it for charity. That is more than can be said for what the programme published for Sunday League matches calls "the bright new world of Sunday cricket", sponsored by AXA Equity and Law. The Test and County Cricket Board agreed with AXA to make that world one of coloured clothes, white cricket balls and black sight-screens, because of what the programme's editor, Ralph Delor, calls "many benefits for cricket". He mentions two, the first money, the second youth appeal.

Northampton Cricket Club has new bars and cafés and a knot of shops and stalls. On Sunday there was a jazz quartet tootling away - more a foyer of the bright new world than a cricket pavilion. The much vaunted "replica kit market" relies on such shops and stalls selling county shirts for £25.99 each, which is a lot even for a Northampton shirt in all its faded maroon and sour yellow glory.

"The manufacturers claim they're very good quality," said the county's chief executive, Stephen Coverdale, smiling like anything.

Gloucestershire were the first to show off their full array of new "county colours" last Sunday. They took the field in dark blue shell-suits and base-ball caps, with big red and white stripes round the neck and clashing blue jerseys to pull over the t-shirts, in some cases over the jackets as well.

Everyone looked ghastly. No one gave off the faintest whiff of quality or glamour, not even Chris Broad, stroking his curly hair languidly.

Someone at AXA thought of pointing out that coloured cricket clothes are not new. The back of the programme has a picture of W G Grace and fellow cricketers in 1880, posing in coloured neck-scarves, caps, buckles and belts. Some wear striped, a few wear colour-striped shirts and Grace sports an orange and yellow striped MCC blazer. I should not think he played in his blazer. The picture is an advert for white trousers, cool cotton shirts and splashes of colour, not garish nylon from head to foot. But then I am not a track-suit type.

Several players thought it was time I changed. Gloucestershire's bowler, Martin Gerhard, sang the praises of cricket's new style: "I'd say it's going to be a success. It's different. It makes a change."

Being different seems to be at a premium and to keep the bright new world distinctive, even its strongest supporters thought it should be restricted to Sundays, so there would be two styles of cricket on offer.

Umpires are a conservative breed and looked less happy with their place in all this. Bad weather at Northampton forced them to make repeated excursions to inspect conditions. Jackie Hampshire, looking like a superior laundress attendant in his bright blue jacket, also looked painfully embarrassed.

"Seeing is believing," announced the public address system cryptically, when Hampshire and John Holder walked out in their jackets to restart play.

The white ball did not make the fielding look more auspicious, though sharp fielding is

one of the blessings of limited over cricket. To help everyone see clearly, the new cricket is played in front of sight-screens covered in black cloths that billow in the wind, at once absurd and dreary.

It was hard luck for the organisers at Northampton that rain reduced the opening game to low spirits and less than 40 overs a side, removing any chance to show what 80 overs a side has to offer. If anything, this reduction lessened the pain of the awkward new timetable. Play is supposed to start at noon which is neither a morning start nor an after-lunch start. The bright-new-world Sunday lunch is at the surrealistic time of 3.10pm.

"You could always bring a bacon roll in a flask," offered one of small gang of Gloucestershire supporters. They did not want to comment on the bright new world. Their Northamptonshire counterparts were less reticent. A doleful and well-lubricated local had no doubt that it was all a load of rubbish.

I spoke to some boys between about 10 and 14. They were not interested in cricket clothes or trappings, new or old. They were there to watch Alan Lamb hit big sixes.

It is the uninitiated that this new world hopes to attract. A market research expert on television the other night explained: "The young like everything bright. We know that. All we have to do is work out how best to relate that to cricket."

I am inclined to think that it is the cricket, not the decor, that must appeal to people. The Sunday game needs gusto and panache to survive. Watching Gloucestershire expire limply for 123 last Sunday, I could not imagine even flashing lights giving the bright new world of Sunday cricket some sparkle.



Wizard of the dribble: Chris Waddle of Sheffield Wednesday

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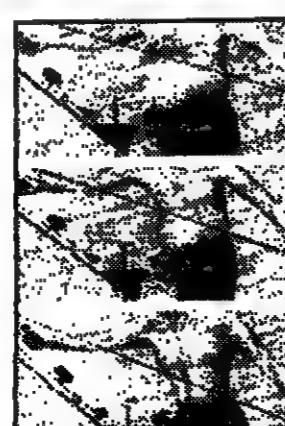
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"GABYLANDIA ESTA DE FIESTA" proclaimed one of the many banners that were strung along the railings high up in the stands of Rome's marble masterpiece, the Foro Italico. "GABYMANIA STUPENDA" shrieked another.

Sadly, the reality was neither stupendous nor fiesta-like. Gabriela Sabatini, the darling of the noisy army of Argentine and Italian youngsters at the final of the 1993 Italian Open last Sunday, was struggling. Indeed, the four-time champion whose last tournament win had been earned exactly 12 months earlier in this same red dust bowl - a 7-5 6-4 victory over Monica Seles - was finding the going tough. Even the huge marble statues, their faces streaked by daily downpours, seemed to be crying.

To the 22-year-old it must have seemed as if she was looking into a mirror. The moonballing game of her Spanish opponent, Conchita Martinez, so like her own, had reduced Sabatini to impotence. Yet she had had her chances. The third game of the first set should have clinched it for her. This monumental battle of 30 and 40 stroke rallies swayed backwards and forwards for 24 minutes - the time it normally takes for Seles or Steffi Graf to win a complete set. It ended with Sabatini hitting a winning backhand volley on the 32nd point after squandering seven previous break points.

A 2-1 lead should have been the launching pad the defending champion needed. Yet something was missing: confidence. That precious and fragile commodity was somehow just out of reach.

There had been moments during Sabatini's super-efficient semi-final destruction of Arantxa Sanchez Vicario, when it seemed that the year-long nightmare of failure, exacerbated by a series of niggling injuries, had ended. This was

the same woman who had served-and-volleyed her way to the 1990 US Open title so brilliantly against an astonished Graf. She was back in the groove. Or so it seemed. Yet in the final, once the first set had been lost, belief died. Sabatini switched off mentally and bowed to the inevitable, going down 7-5 6-1.

Strolling back to the interview room after the match I fell into step beside Sabatini's new coach, Dennis Ralston. I asked him if Gaby would shower before her press conference. "I have no idea," he replied. "I'm still learning!"

There is much to learn about the art of psychological first aid. One of the pre-requisites is the undivided attention of the subject. That is not easily guaranteed by a superstar like Sabatini whose on-court earnings alone are approaching \$6.5m. The pressures on her for interviews and special appearances are enormous. She has become a multi-million dollar industry with annual turnover estimated to be \$7m-\$10m. Two perfumes have been named after her, and there is endorsement income from Aerolineas

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Tennis/John Barrett

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Argentinas, Yamaha rackets, Pepsi-Cola, Tachini sportswear. Longine watches, Fuji cameras and film Rayban sunglasses. Gosen tennis strings and the new Gaby Doll, which is the rage in South America.

Sabatini turned to Ralston a couple of months ago. Her relationship with the Brazilian Carlos Kirimay, began at Wimbledon in 1990, had run its course. The joy that he had rekindled that year at Flushing Meadow seemed to have died.

Ralston has had enough experience working with US Davis Cup teams, and with Chris Evert for a while, to help Gaby rediscover that winning feeling. There is no doubt that, even after two months, she is already looking fitter and faster. If she allows Ralston to help her with her serve, then we might see a real break-

through. It was deficiency in that department that cost Gaby the Wimbledon title in 1991.

Twice she served for the match in the final set against Graf and twice she fumbled it.

Gabriela knows she cannot afford any more fumbles. Ten times in the last four years she has reached the semi-finals or better at Grand Slam championships but she can claim only one title. She also knows that with Seles temporarily sidelined by that horrific knife attack she will never have a better chance. With Ralston's help we may yet see Sabatini's potential fulfilled.

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TRAVEL

FT Guide to Civilised Breaks

Sociable city of counter-cultures

OF ALL the European cities, there is an intimacy about Amsterdam that makes it different. It has not got the hard-edged drive of cosmopolitan London or the self-conscious fashionability of Paris. It has not got Florence's art, Madrid's energy, Rome's history, St Petersburg's architecture or Geneva's wealth.

What it *has* is sociability. On a continent of crowded urban anonymity, this is indeed a civilised quality; to my mind it makes Amsterdam a splendid choice for a civilised weekend.

What is it about Amsterdam that gives it such immediate familiarity? Even on the Leidseplein, the busy commercial entertainment district where I began my weekend wandering, visitors feel a relaxed spontaneity. This is a city that asks you to let the mass down, to relax your guard, to be just a little bit more private in self in public. Why?

Certainly one answer is Amsterdam's scale. This is a small city of human proportions. You can walk across its centre in half an hour. Nowhere will you find the overwhelming, the monumental. The buildings here, like most things Dutch, are plain, functional and without ostentation: they are narrow and rarely more than four stories tall. In a crowded city where space is at a premium, the streets, too, are narrow. Even the city's bright yellow trams are toy-like.

Bicycles by the thousand add to this air of domesticity. They are not shiny, hi-tech products but heavy-framed black clunkers. They give the city a wonderfully homely feel.

Another answer to Amsterdam's casual, somewhat bohemian atmosphere is its canals, boats and water. The canals give the city its distinctive topography. Radiating outwards in concentric circles from the port, the city's 160 canals are everywhere. But the canals give more than just a physical definition to the city. As any resident of Amsterdam's 2,500 houseboats will tell you, there is something wonderfully soothing and peaceful about a prospect of placid water. Normally, city walking is a tiring business. I

found long canal-side walks in Amsterdam refreshing.

The essential element to Amsterdam's character, though, lies in its people. Strolling in the sun past the outdoor cafés of the Leidseplein, I had the odd sensation that Amsterdammers could be a Mediterranean people. There is a tremendous sociability about them, an obvious enjoyment found in conversation and in the company of others. Like Latin Americans, Amsterdammers are cheerful, expressive, energetic and gregarious.

There is, however, an essential difference. Underlying this happy

All the world and Nicholas Woodsworth beat a path to Amsterdam

countenance is a cool, northern rationality, a social awareness and sense of civic involvement wholly foreign to the egocentrism of the Mediterranean. It is from this strong recognition of a social contract that Amsterdam's renowned liberal tolerance springs.

Exactly how a society with morally rigid traditions like Holland's gave birth to a permissive society like Amsterdam's is confusing - Amsterdam made itself the greatest trading city in the 17th century world by virtuous adherence to a Calvinist work ethic. But the basis of capitalism was also the basis of egalitarianism, civic democracy and personal freedom, beginning 300 years ago, when minority groups started to find in Amsterdam the liberty to pursue their ideals.

More recently, the city's traditions of tolerance were hijacked by the counter-culture of the 1960s. Easy-going attitudes towards sex, drugs and alternate lifestyles made Amsterdam a world centre for the non-conventional. People poured in from everywhere.

Adds, hard drug abuse and economic recession have made youth culture a less flamboyant spectacle. Quite different are the city's designer cafés,

But the young, and those middle-aged Amsterdammers who retain something of the 1960s - seem very old in Amsterdam - continue to exert influence on a city lifestyle that is offbeat, creative and sensitive to social issues. And the world continues to pour in: one out of every four Amsterdammers is an immigrant. Today, tolerance is not just some fanciful notion; it lies at the heart of Amsterdam's survival.

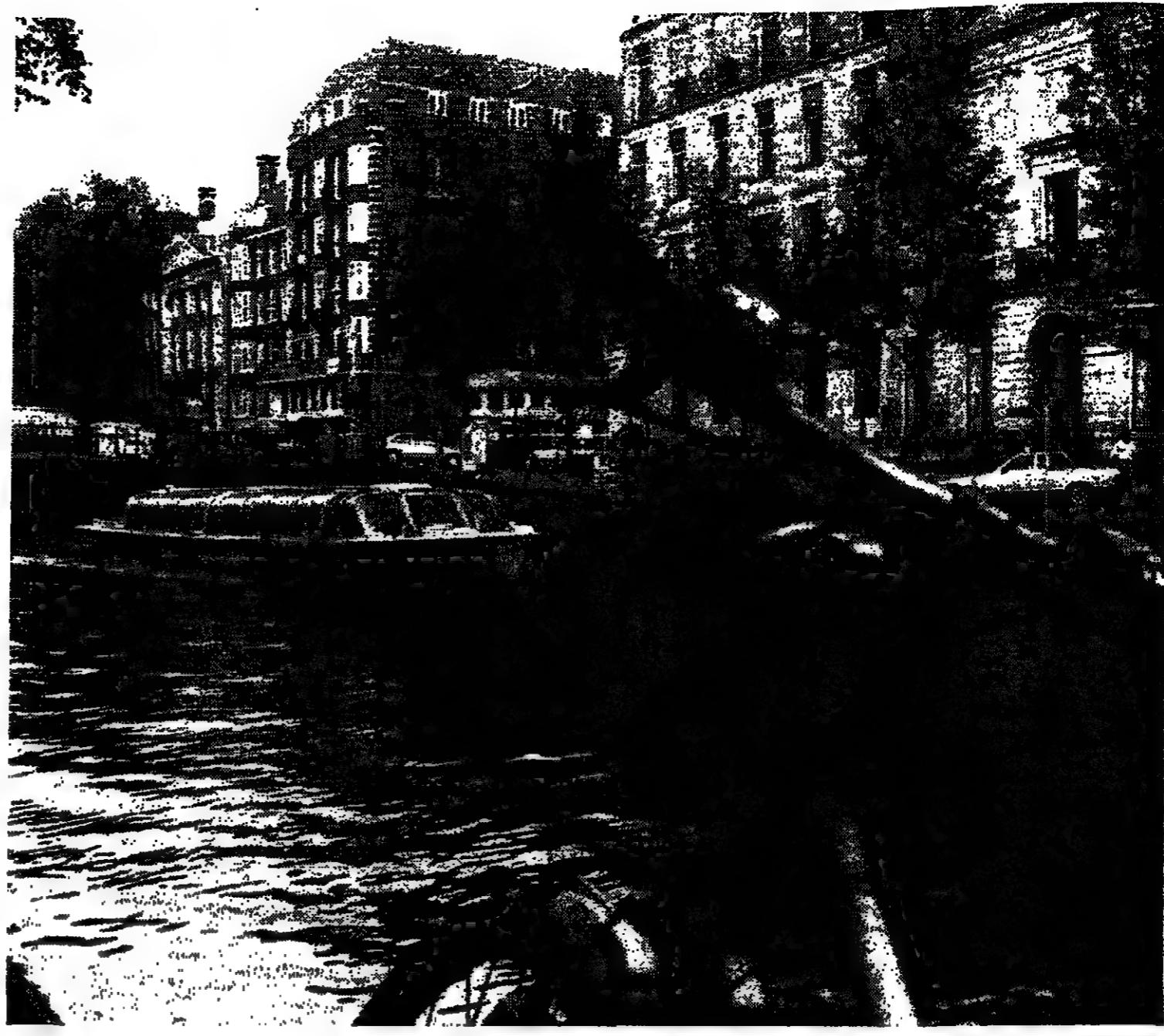
It is the spirit of the city that makes Amsterdam so attractive. Walk the streets here and you will see vastly different kinds of people and styles. Yet more conventional Amsterdammers take it all without raising an eyebrow. The best way to experience the city is simply to wander about, have a look at everything, and try whatever you like.

Tour-boats are precisely what they sound - touristy. But they are a wonderful way to see Amsterdam. I liked them so much that I went on them twice, once clockwise around the city under brilliant blue skies and sunshine, once anti-clockwise under grey overcast skies.

Both moods suit the sombre, liver-coloured brick of the bridges and the austere white-window-framed, gabled-topped houses that lie to either side. Add leafy canal-side trees, colourful barges and their even more colourful inhabitants, and you have a city that is a delight to explore by boat, on foot, or by bicycle. The great fun of Amsterdam is that all its nonsense - drugs, sex, loony leftism, bohemian living - takes place against a traditional, 17th century background.

The restaurants, cafés and coffee shops one floats past in the day take on a life after dark. I became hopelessly lost trying to relocate one attractive café, but in the labyrinth of bridges and canals that make up the Jordaan area I found all sorts of compensations.

Still a working-class district with a strong local character, the Jordaan quickly became my favourite part of Amsterdam. Rich in small shops, restaurants and "brown" cafés - bars famed for their dingy, old-fashioned decor - it still has an authentic atmosphere. Quite different are the city's designer cafés,



Amsterdam by bike: the small scale of the city makes it a pleasure to explore

steel and glass monuments to modernism. And different again are its "coffee shops," where the main interest is not coffee but hashish and marijuana, sold openly and legally.

I enjoyed mixing Amsterdam's high culture and pop culture in equal proportions. In the Rijksmuseum I gazed at Rembrandt's *Night Watch*, Amsterdam's most celebrated painting, but found far more to marvel at in 17th century still life.

How did the Dutch masters so precisely capture the texture of things like oyster shells, lemons, pewter, clay pipes, tablecloths?

They were magicians.

Afterwards, I relaxed on the grass in the nearby Vondelpark, favoured haunt of joggers, frisbee players and sun-worshippers, and gazed at more conventional magicians - the types who use top hats and white rabbits. They are just one of the scores of different kinds of artists, musicians and street entertainers who make modern Amsterdam's sidewalk anything but still life.

One could hardly find a more eclectic mix than in Amsterdam. On my last day I spent the morning looking at some of the world's best-loved tableaux at the Van Gogh museum. I passed the afternoon in

the red-light district; the spectacle of women in their underwear sitting in windows is matched only by bus-loads of wide-eyed tourists giggling at it all.

Early evening found me at the Concertgebouw, home to one of the great orchestras, listening to a chamber music festival. The late evening was spent watching a Jamaican reggae band through clouds of hashish smoke at a club. That is all very well, you might say, but every city in the world has its sacred and profane, its great circus of human variety. And you would be right. But nowhere in the world can you pass with such equanimity from one to the other. Amsterdam may not always be entirely civilised, but it is almost always sociable.

■ Nicholas Woodsworth's weekend was arranged by Amsterdam Travel Service of Bridge House, Ware, Hertfordshire, tel: 0800-467444, which specialises in package and individually-tailored trips. In Amsterdam he stayed at the Amstel Hotel Inter-Continental, Professor Tulipplein 1, tel: 622-5060. Information about Amsterdam may be obtained from the Dutch Tourist Office, Egginion House, 25 Buckingham Gate, London SW1. Tel: 071-630-0451.

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TRAVEL

Africa - my own private tryst list

Michael Holman discloses the names of special hotels that he trusts for assignations

THE SULTAN's band no longer plays outside the English Club in Zanzibar. It used to, every Thursday evening, according to my guidebook. But that was published in 1952, when the island was a British protectorate.

Some 30 years later I sat on the balcony of the club and watched the dhows drift by at sunset. The band stopped playing at independence in December 1963. The club had become the Africa House Hotel, its past revealed by the battered snooker table and a faded sign pointing to the "Ladies Powder Room".

As in many of my favourite African hotels, ghosts seemed to walk the club's corridors and prop up the bar. Like the club, the hotels usually have

high ceilings and creaky fans, mosquito nets and wide verandas. The bedroom keys have worn wooden tags, the cast-iron baths rest on clawed feet, and the bar has trophies of long-forgotten tournaments.

They are on my idiosyncratic African tryst list: scenes of assignations with companions real or imagined. Hotels where, by chance or design, I have met up with a friend; or which were my destination in a search for the past.

Most of them are - or were in their heyday - tourist hotels in the conventional sense, either set amid spectacular scenery or near man-made marvels. They still provide hospitality, though many show the strains of the continent's crisis. But my judgment of their appeal is flawed, distorted by that narcotic nostalgia, or by the strange juxtapositions of life as a journalist in Africa. Being a witness to poverty and distress and then retreating to comfort and security; or simply thankful to have survived a long car journey or bumpy flight, accentuates the pleasures of the moment.

Never has chablis tasted so good as at the Hotel de la Gare in Lubumbashi, southern Zaire, in the wake of one of the abortive uprisings against President Mobutu. Nor has my thirst been slaked so well as by the cold beer served on arrival at the Mweya Safari Lodge, high above Lake Edward in eastern Uganda, at the end of a fraught and dusty journey from Kampala, not long after Idi Amin's downfall. Seldom have I enjoyed my Davidoff cigar more than on the lawn of the hotel at Bahar Dar on the banks of Lake Tana in central Ethiopia. On the horizon was one of the lake's ancient island monasteries, some dating back to the 13th century. The monks still observed age-old rituals of meditation and prayer.

Other unsung wonders of Africa are served by the hotels on my list. War made some of them well-nigh inaccessible for most visitors. Peace has since

'Never has chablis tasted so good as at the hotel in Lubumbashi'

brought them within reach, although they remain hard to get at for all but the determined visitor, who will have to brave pot-holed roads and endure rickety aircraft.

The modest hotel in Lalibela, in northern Ethiopia, overlooks a wondrous spectacle - churches hewn out of solid rock over 800 years ago. From the Gohar hotel, high in the hills that surround Gondar in north-eastern Ethiopia, one looks down in the valley with the 17th century castle of Emperor Fasiladas.

At the window of a dilapidated hotel I watched dawn break over Mozambique island, where Vasco da Gama's ships cast anchor in 1498. Sunrise revealed a 16th century Portuguese town, transplanted to the east African coast and frozen in time. It was the capital of Mozambique until the end of the last century; now it is a crumbling relic of 400 years of colonial rule.

The upper floor view from the hotel on the island of Goree, off Dakar, Senegal, takes in the picturesque harbour as well as a neglected monument to Africa's holocaust - the island's slave house, the last staging post in a terrible journey.

The slave trade has been called the greatest forced migration in the history of

man. Between 1650 and 1850, the period when the trade flourished, some 12m slaves were landed in the Americas, according to one estimate. It is calculated that 2m perished on the journey and 7m died before embarkation. Their ghosts can be found on Goree.

Some of my favourite hotels are long gone, like old Melkies Hotel in Barare, which had high ceilings and wide red-polished verandas.

Some are preserved and thriving: the Mount Nelson Hotel, for example, in the shadow of Cape Town's Table Mountain. Union Castle passenger liners used to carry hotel guests across the Atlantic from Southampton, a two-week voyage I did as a child. They now stop off at a 12-hour flight from London; but the hotel still recalls an era past and residents write postcards home from escritorios in a stately lounge.

Some have evocative names, like the Mountain of the Moon Hotel, Fort Portal, in western Uganda, overlooking the Ruwenzori Mountains.

Others have powerful associations, like the hotel in Stanleville, now Kisangani, on the bend in the Congo river made famous by V S Naipaul's classic novel. They were terrible times in the Congo in the 1960s.

The Belgian Congo, now Zaire, was in bloody post-inde-

'I watched dawn break where da Gama's ships cast anchor in 1498'

pendence upheaval. The country symbolised anarchy: a confusing battlefield of communists, nationalists, secessionists, mercenaries and United Nations troops. Belgian refugees streamed across the border with Northern Rhodesia. To the whites of neighbouring Southern Rhodesia, it seemed a harbinger of their own fate.

Schoolboy memories of Stanleville, whose reverberations reached me in my home in Gwelo, Rhodesia, would have been enough in themselves to draw me to the city. But my interest was whetted by the recollections of journalists who covered the Congo, equipped with Olivetti Lettera 22 typewriters, and who died by cable. Some ended their careers in Salisbury, ancient mariners telling tales of expense claims on a heroic scale.

It was not until 1986 that I made my pilgrimage. The hotel had become a pit-stop for trans-Africa safaris, but the ghosts were there.

Other hotels on my list I arrived at by chance. Like the Karibu Hotel near Goma, in eastern Zaire, with a wine list that harked back to the days when coffee exports flourished and French fashions and Belgian chocolates were in the town's high street windows. I was stranded at the airport one minute, the next minute rescued by the local coffee baron and drinking champagne on the banks of Lake Kivu.

The crisp air and the mountainous scenery were a world away from the steamy heat and seamy intrigue of Kinshasa. Even Fanta orangeade tasted special in the Restaurant Ca Depend, off the main road from the airport to Goma. It was served with engaging informality, the proprietress nonchalantly uncapping the bottle with her teeth, plonking it down on the red-and-white check tablecloth, and chewing the cap reflectively as she moved back behind the counter.

Some while ago I added the Pointe Venus Hotel on the Indian Ocean island of Rodriguez to my tryst list. A wood-slatted verandah surrounds an elegant but fading colonial residence, one of the first built on the island, and perched above Port Mathurin.

But closest to my heart is the Kuchawa Inn, on Malawi's Zomba Plateau. It is a 30-minute drive from Zomba, the sleepy former colonial capital. The rooms are on the very lip of the plateau, each with its own balcony. I recall morning tea while looking down on hawks circling in the valley, fresh strawberries; an idyllic lake; cows as sleek as if they had lived in Switzerland; and walking in the plateau's cool forest with the ghosts of old Malawi and a companion by my side.

The slave trade has been called the greatest forced migration in the history of



So far as the prisoners were concerned, Tasmania's wilderness could have been a distant planet. But convict tourism is now catching on

Guilt trip to Tasmania's past

Australians are beginning to exploit their convict history. Keith Wheatley visited Sarah Island

ADRIVING in Strahan, the loneliest town in Tasmania's south-west wilderness, after a taxing drive on bumpy mountain roads, it was hard not to feel bone-weary. And guilty. After all, what were the privations of a few hours at the wheel of a hired Toyota compared with the miseries endured by the first Europeans to reach this area?

If Australia itself was remote, Sarah Island was another planet. There was no overland route through the 250 miles of mountain and rainforest - an untouched wilderness that now attracts visitors, hikers and naturalists - that lie between the settlement and Hobart.

Convict tourism - a very special branch of the heritage industry - is relatively new in Australia. Even a decade ago, the era of transportation could be a touchy subject at an Australian dinner table. However, publication of Robert Hughes' masterly account of penal colony life, *The Fatal Shore*, was a turning point. Hughes emphasised the role of Sarah Island as an ultimate deterrent - far beyond fear of capital punishment.

"Stick to the paths as you walk

around. There are big leeches in the undergrowth," warned the *Explorer's* owner-skippers, Guy Grinling. He has seen a big rise in interest towards Sarah Island. Ten years ago eyes were averted as his ship cruised past, heading into the nearby Gordon River and the deep rainforest. Recently, Grinling carried a visitor related to a convict who died on the island.

"She was first off the boat and last back aboard. Didn't speak for hours," said Grinling. He is the great-grandson of a German boatbuilder who came to Macquarie Harbour in the 1890s to build ships of the magnificent local Huon pine.

Beat-building became one of the principal activities at Sarah Island. Traces of the slipways can still be glimpsed through the clear but tea-coloured water. Tannin from the roots of the buttongrass leaches into every local watercourse and turns it brown.

Ashore, little survives of the prison buildings. There is a stone wall here, or a fragment of the chaplain's hut. Sensibly, the Tasmania wildlife and heritage department has kept its work

on Sarah Island low-key. There are small engraved information plaques at key points, but everything is intensely quiet.

Despite the endless floggings, hunger and cold, many convicts did attempt to escape from Sarah Island. Since many were sent off into the forest on logging parties - involving a 15-mile row each way, towing huge logs on the return journey, and without mid-day food - the convicts had only to conquer their fear of the unknown to slip away into the green darkness.

Flying today over the trackless forest, incised by deep, fast-flowing rivers, one can understand how nearly two-thirds of the 112 prisoners who absconded in the first six years of Sarah Island died of hunger or animal attack in the bush.

Chas Osborn, temporary pilot of the tourist seaplane and by trade a crop-sprayer, says it still gives him shivers flying over the deep forest. "Once you're on the ground in there you can see nothing and you don't even know which way is up," he says.

Convicts who escaped would occasionally resort to cannibalism. Vari-

ous incidents are documented, though the most celebrated concern Alexander Pearce. When soldiers apprehended him after his second escape in November 1823, they found the partner arm of another convict in Pearce's bag.

This is a beautiful but hostile area. It was 30 miles from Strahan, at the site of the proposed Franklin River dam, that environmental protesters chained themselves to bulldozers in 1982 and set off a Ghandi-like campaign that still resonates around the world.

The unusual and beautifully designed Strahan visitors' centre tackles both the convict story and the environmental campaign with vigorous and thought-provoking displays. It must be one of the few tourist information bases where the visitor is challenged to ask whether he or she should even be there. Guilt is never far away in south-west Tasmania.

Keith Wheatley travelled to Tasmania c/o Air New Zealand (London tel: 081-846-8895). Information about travel within Tasmania can be obtained from Australia Naturally (081-782-7088).

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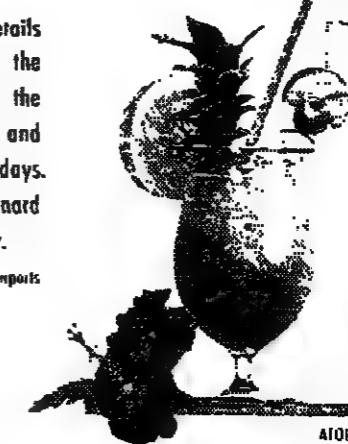
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FOOD AND DRINK

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THE 1991 Bordeaux vintage was devastated by a late April frost and diluted by rain in the middle of the picking. The 2.15m hl red wine harvest was little more than 40 per cent of the previous year's record one, and the crop was particularly short in St Emilion and Pomerol where the Merlot was severely hit. In spite of spraying and mass picking Pétrus is not marketing a 1991, and throughout the leading communes some châteaux are not selling their wines under their *grand vin* château label.

Nevertheless, thanks to modern equipment and technique, 1991 cannot be written off. Indeed, in two or three years it may be very welcome, subject to certain conditions: only the first generation grapes and not the post-frost budlings should be used, summer pruning to cut the yield, a

quick end to the picking after the September rains, a rigorous pre-vat selection of the incoming grapes, and a very careful blending of the vats for the *grand vin*.

After all this, the wines can only be sold at loss, for taking inflation into account they will be priced at less than the initially denigrated but now often much enjoyed 1987s.

These superior appellation '91 clarets are due for early bottling this

month or next, and the Union des Grands Crus has recently shown its members' wines in London. The 120-strong association represents most of the classed growths and some lesser châteaux, but not the firsts and only a few of the seconds. About three quarters of the members presented their '91s in London, but very few of the Sauternes and Barsac that suffered very heavily from the frost.

The dry whites had survived in

very small quantities, but as they had picked before the rains they showed fairly light but attractive: particularly Domine de Chevalier, Fleita and Rabaud.

Overall the clarets had good colour and often a fair aroma, but generally they lacked backbone, and until one reached the classed growths – and not all of these – the wines were often short-flavoured in the mouth.

Of those I tasted, those in their

districts that had fair fruit and appeared promising included: *Graves* – Don de Chevalier, Fleita; *Médoc* – La Tour-de-Bey, Loudean; *Haut-Médoc* – Beaumont, Chasse-Spleen, Clarke, Couffranc, Fourcas Hosten, Poujeaux; *Margaux* – Angludet, Malescot, Monbrison, Palmer; *St Julien* – Beychevelle, Léoville-Barton, Grand-Larose; *Pauillac* – Lynch-Bages, Pichon-Longueville, Pichon-Lalande; *St Estèphe* – Monsruse.

It was a former *maitre de chai* of Lafite who said to Elie de Rothschild of a previous moderate vintage: "We need wines like these to wait for the others." There is no lack of earlier years with promise of longevity – '88, '89 and '90 – and the best of these '91s will have the virtue of early drinkability, with more concentration than the '87s. With advice, worth "looking at" in the next year or so.

Cookery/Philippa Davenport
Turkish delights

BAKLAVA

(makes nine squares)
For the pastry: 6 sheets filo pastry; 1½ oz butter; a mixture of chopped pistachios and flaked almonds totalling 3 oz. For the syrup: 4 oz sugar; 2 tablespoons each runny honey and water; 2 teaspoons lemon juice; 1 teaspoon rose or orange blossom water.

Working with filo pastry is more like dressmaking than baking. You need scissors, not a rolling pin, to shape it, but even a poor seamstress like me can produce professional results. Filo does, however, need protection against drying out. Unwrap each sheet as you need it, and cover the trimmings as soon as cut with greaseproof paper and a damp tea-towel to stop them becoming brittle.

Melt the butter and brush some over the inside of a shallow baking tin 6½-7 inches square. Take a sheet of pastry and cut a piece large enough to

Just as meals times can be contracted or spun out according to whim so can the formal dining be varied. Visit a kebab kitchen first, and subsequently settle down elsewhere to a serious mezze session. Or skip the savoury stuff and devote your appetite to a coffee and pastry emporium.

This may seem a Mad Hatter's tea party approach compared with the prescribed orderliness of the British one-place-and-three-courses set menu routine. But I think it is terrific; I cannot help reflecting how much more I might enjoy going to many restaurants in the UK if the same principles were practiced here.

Restaurant is too grand a

description for many of the best Turkish street kitchens. Often they are no more than a portable barrow equipped with a couple of storage pots, a cleaver, chopping board, and a tray: no tables for the diners, and no cutlery. Time and time again I was led by my nose to such places. I marvelled at the speed with which chunks of lamb, bay leaves and wedges of onion were threaded on to skewers; and I delighted in the way the ingredients were basted by brushing them with bunches of wild thyme and oregano dipped in olive oil.

The skewers were laid on the bars of the charcoal brisier and the embers revived with a fan. The fan, nothing more elaborate than a few branches of herb, was waved so the fringes of the herbs would sing. Their perfumed smoke mingled with the meaty aroma and rose in blue-grey curds.

The small was mouthwatering

– and sometimes my eyes watered too.

Given fine weather and flavoursome British lamb anyone with a barbecue can surely weather permitting – lunch on food as simple and good as this. Wedges of lemon to squeeze over the semi-charred meat, good bread to sop up the juices and a leafy salad are the natural accompaniments. A suitably Turkish follow-up

would be baklava.

line the tin and overhang the sides a little all round. Brush with melted butter and lay it buttered side up in the tin. Cover with a second layer of

pastry, cut and buttered in the same way.

Use the trimmings plus extra

sheets as necessary to line the base of the tin only (no more

overhang is necessary) with another three layers of but

tered pastry.

Sprinkle on half the nuts, add two more layers of but

tered pastry, and sprinkle on the rest of the nuts. Cover with five more layers of buttered pastry, folding the overhang from the bottom two sheets of pastry into the tin just before adding the final layer.

Brush the top of the pie with

more butter. Cut into squares with a sharp knife and sprinkle with a little cold water to stop curling. Bake until golden and crisp, allowing about 30 minutes at 350°F (180°C) gas mark 4, and a further 10 minutes in the residue heat after the oven has been turned off.

Make the syrup while the pie bakes. Melt the sugar and honey with the water and lemon juice. Bring to the boil and simmer for two minutes.

Stir the flower water into the warm syrup just before pouring it over the cooked baklava, which will absorb it as it cools.

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OUTDOORS

Gardening

In the beginning were the words

SPRING gardening is just on the turn: the first rosebuds are visible; by next week, wallflowers will be dropping their petals and hyacinths starting to turn yellow and die down. Meanwhile, nobody can complain about the recent clear spells in May. Lilac and fruit blossoms have been wonderful and, to cap it all, we now have the best season for bluebells in the past five years.

Do try to visit a wood during the next few days while they are at their peak. They have revelled in the wet weather since last July and have proved the gloomy forecasts wrong. Bluebell woods in Britain will be among the first casualties if the globe ever starts to warm seriously. To judge from their mood at the moment, the forecasts of warming have a very long way to go.

We all love bluebells but, officially, we cannot decide what to call them. The uncertainties surface in this week's most welcome arrival: it is not an iris, a swallow or a peony but the most indispensable book of all for gardeners. The year's *The Plant Finder* is out, just in time to catch the cuckoo and to set us all

on a mad path of hunting, visiting and ordering by phone.

The new edition is essential because it is bigger and has so many changes of address and identity. At £10.99, it is still superb value. If your bookshop cannot find it, you should apply to Moorland Publishing, Moor Farm Ed, Alnfield Estate, Ashbourne, Derbyshire.

Chris Philip and Tony Lord have continued to widen their brainchild's scope and value. It now lists more than 60,000 varieties of plant on sale in the British nursery trade, together with code names for their sources, maps, and a check-list of their whereabouts. Each year, it cuts even more deeply into my fictional bedtime reading. Not only is it a self-published best-seller – it is the essential companion for any keen gardener.

At this point, I should perhaps reassure the female reader who wrote to me last year asking if it was my column which had mentioned a privately-published *Man Finder*. There are fewer than 60,000 varieties, not many of whom can cook or sew; and as most of them carry a health warning, this volume has yet to finalise its distribution maps.

Meanwhile, in its absence, the new *Plant Finder* is a chance for a check-list of personal favourites. How are the national stocks of the yellow-flowered *Oenothera lutea*? Where can we still buy a long-flowing dianthus called Jane Austen? And who lists the rare, ice-blue Hepatica with the biggest and clearest flowers, *Hepatica media* Baller-

Twenty years ago, everyone was predicting the opposite. Big nurseries were slimming down and packing up; we all began to lament that gardens were "vanishing" because we simply did not know what a range of varieties was still on offer in widely-scattered nurseries without a central database. The *Plant Finder* has destroyed this myth. The balance might have shifted between particular families, but I doubt if there were more than 60,000 varieties from which our grandfathers could choose when making a pre-war garden.

We also have an embarrassment of nurseries: now up to 600 in the maps – and plant-finding acronyms, from Cabb to WWye. Random visits are the pleasure of a plant-finding summer, to places which sell Farms violets among the peat and goldfish to family nurseries round smallholdings in one of which, last summer, I found bindweed growing up through the floorboards and encrusted neatly the pan of the visitors' indoor WC.

All manner of eccentricity lurks behind the acronyms, from plants in prams to gasbags who talk the doors off their plastic tunnels. Plant-finding not only changes the

possible scope of our borders, it also widens our idea of humanity.

For scent in spring, try the low-spreading *Mesembryanthemum*, listed here from four suppliers (although I bought mine recently from a fifth); for a long season, try the old white *Agapanthus Ardens*, now listed by five nurseries where, formerly, there was but one. The lovely white *Helleborus olympicus* is now available from three suppliers, although the *Plant Finder* adjusts its name slightly; six sources list the low-growing *Jeffersonia* with sky-blue flowers for a shady place.

Last week, I wrote about the brilliant blue *Echium webbi* at Tresco and I now find that, in spite of the garden's doubts, two nurseries do list it, although cuttings are hollow-stemmed and not easy to root. As yet, the fabulous *Paeonia Joseph Rock* has yet to reappear in the lists and I am glad that, three years ago, I bagged a bit of a sky-blue spring *Phlox* called Gedington Cross: its one supplier has closed down. Otherwise, almost anything is there if you want it, and who knows what you might find if you gamble on the unknown?

The one problem for amateurs is the naming. Rightly, the editors fol-



Bluebells of happiness... but catch them while you can

low scrupulous standards and set the pace by keeping up with the latest botanical names. *Montbretia*, therefore, turns up all over the place and you cannot rely on a chrysanthemum any more. Here, the bluebells come back into view: while you admire a wood of them this weekend, what exactly should you call them in order to be politically correct?

Not long ago, you might have

Fishing / Tom Fort

Anyone for golf, chaps?

IT HAS ALWAYS been a source of wonder, and some irritation, to me that so many otherwise sensible and civilised people should be obsessed with golf. I cannot make up my mind which aspect of the game is most off-putting: the self-importance of the committee types who run it; the pettifogging rules they impose; the manicured artificiality of course; or the inherent dullness of hitting a stationary ball and walking after it to hit it again.

I dallied with golf a while ago, mastered its basics (mastered might not be quite the *mot juste*), then put it aside. I felt that golf and fishing were spiritually antipathetic and that I had to make a statement about where I stood.

In the light of the start of the new trout fishing season, however, I am reviewing my options, reassessing my priorities and considering the possibility of rowing back. Like President Clinton's first 100 days, my first week did not fulfill expectations.

The advantage of golf, I now realise, is that you are either playing it or you are not playing it. This might sound ridiculous; but what I mean is that, when playing golf, you place the ball on the tee and you hit it. It might land in a duckpond or a bramble thicket, but there is no doubt that you are playing golf.

What though, of the

fisherman who has on his waders and coat, his bag and net slung over his back, his rod in his hand – but is not casting his fly? Is he really fishing when all he is doing is stalking up and down the banks, staring at the water, and cursing the absence of visible fish life? I think not.

This, then, was the situation the college's provost and fellows faced after the planning refusal. The fellows are an august body of men with wide fields of interest and accomplishment. Among them is old Etonian Douglas Hurd, the foreign secretary.

The decision was made to fight and mount a carefully-prepared counter-attack. Specialists were retained and, on Wednesday, battle was joined. The result is expected to be known in about five weeks.

Meanwhile, Eton will be en fête as usual on the fourth of June. Where? On the River Thames, of course.

– three over 4lb and one six-pounder. They had all, I noted resentfully, been taken the previous Friday and Saturday when it had been warm and sunny, with a soft breeze from the south. Now, though, it was dry and the wind from the north-east was cold and discouraging.

I reminded myself that those who write about fishing must fish to have anything to write about, then set off. My morning was entirely barren, as I could not find a feeding fish anywhere. I met another member, who agreed that there was no sort of a rise before confessing, with an intolerable smile, that he had managed a brace, one just above 4lb and the other just below.

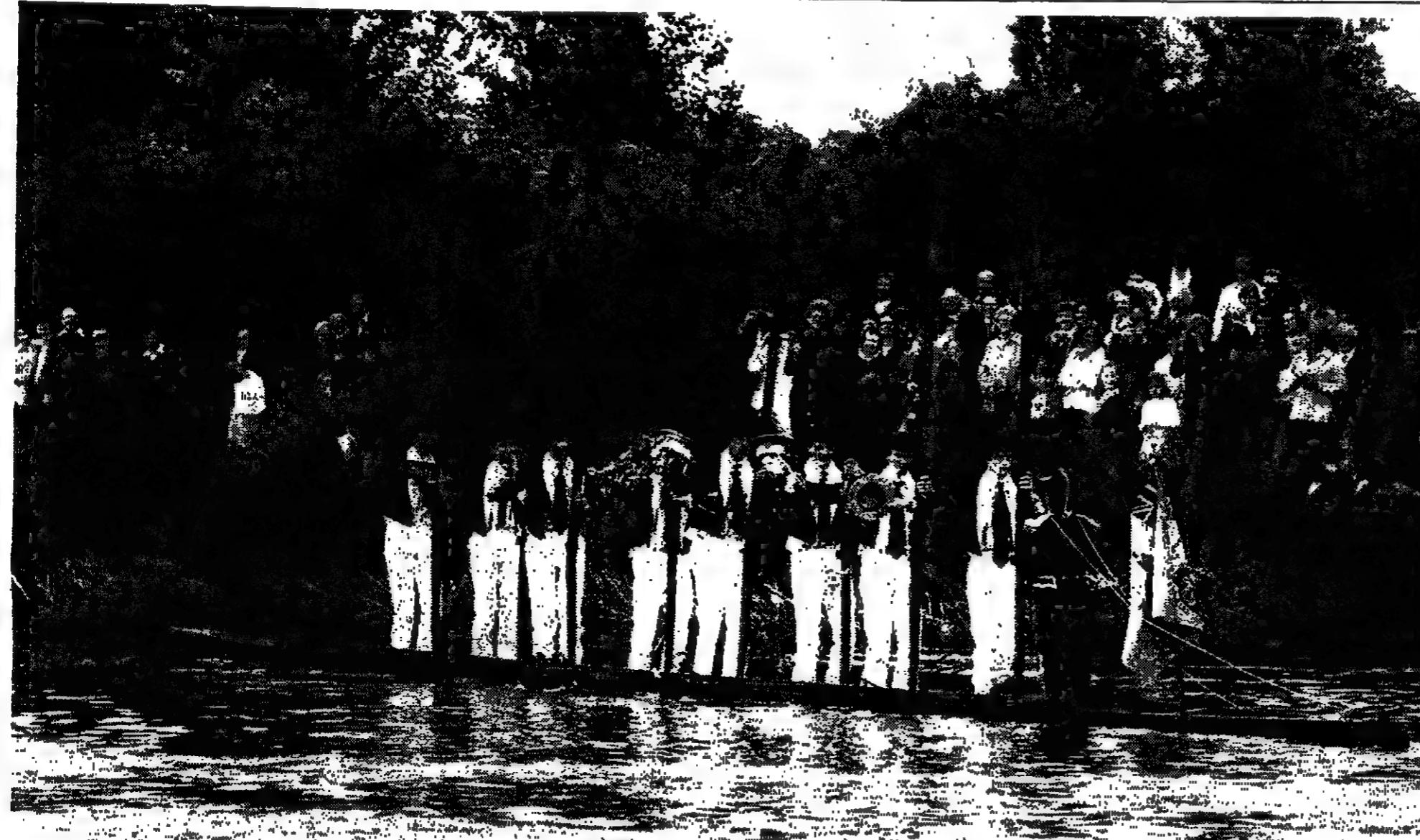


I asked him what fly he was using. He showed me something that looked like a garden broom. "Doesn't look like anything on the water," he smirked, "but they seem to like it."

A little while later, I found a rising fish. It looked like a tiddler, so I was more than usually ill-prepared when it took, tore across the stream (ripping line off the reel) and rushed through a weed bed. By the time it came out the other side, the connection between fish and fly was no more.

Muttering grimly, I stomped off to a distant part of the river where I was sure they would be feeding. I took a short cut – which involved climbing over a barbed wire fence, on which I tore my waders – and found they were not feeding. I continued on my way, at almost every step disturbing wild fowl which flapped, quacking, into the air before belly-flopping on all likely fish-holding spots upstream. At last, I returned to the hut, wrote "Fort – nii" in the dammed book and left.

Since then, I have acquired some old golf clubs. I am eyeing them now, recalling the sweet satisfaction of following the progress of a cleanly-driven ball, the smell of a mown fairway, the laughs, the comradeship. Perhaps...



Jolly boating weather... Etonian rowers on the river Thames. But the school thinks the traditional waterway is now too busy to be safe

Eton's oarsmen land in a hole

Michael Stourton reports on the latest development in a dispute splitting the community

ETION, Britain's most famous school, wants planning consent to quarry 3.5m tons of gravel and fill the resulting hole with water. The college calculates this would take eight years; the result would be something – described variously as a rowing lake, course or trench two kilometres long, half a kilometre wide and covering more than 11 acres.

All this would take place on agricultural land at Dorney, although owned by the college, it is inside London's green belt, within which development is supposed to take place only under the strictest controls, if at all.

The planning application was turned down but an appeal opened on Wednesday this week. It is being heard by an inspector from the department of the environment. Should it succeed, the effect on the

lives of local residents would be serious. For eight years, they would have to endure noise, dust and fumes from the extra traffic. Internal roads would have to be built. In certain instances, paths, bridleways and tracks, used for years by residents and visitors for recreational purposes, would be removed.

Eton was aggrieved by the refusal of planning consent. For one thing, it had been at pains to make clear that the new lake would be shared with other, less-privileged schools. For another, it believed Eton boys would be more relaxed and safer rowing up and down this artificial course instead of sharing the river Thames with its busy boating world.

What came as the biggest shock, however, was the whisper that Etonians themselves were having second thoughts about the project. Would

things be the same, they asked, without the glamour of the river and the traditions built on it? Would the famous Eton Boating Song sound any nearer the same as schoolboy rowers rolled up and down a mouthfuls off-Thames course?

Even more to the point, the doubters pointed to the school's great liberal traditions, of which pressurisation was never a part. This argument gained ground increasingly as more and more glossy pamphlets favouring the project were produced, along with letters from the headmaster to parents and entries of encouragement in the Old Etonian Association journal.

There were designer mock-ups and artists' impressions – even the promise of a nature reserve (referred to, trenchantly, as a Nature Conservation Area).

Further appeals were made. The college's bursar wrote a letter that

locals put it more bluntly. Which, they asked, came first: a sport at Eton which had already achieved great success using existing facilities on the Thames, or the quality of life for residents in the way of a powerful and prestigious institution?

This, then, was the situation the college's provost and fellows faced after the planning refusal. The fellows are an august body of men with wide fields of interest and accomplishment. Among them is old Etonian Douglas Hurd, the foreign secretary.

The decision was made to fight and mount a carefully-prepared counter-attack. Specialists were retained and, on Wednesday, battle was joined. The result is expected to be known in about five weeks.

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AS GAMEKEEPERS continue to become endangered species in the UK, the victims of their constant vigilance during the past century and a half are beginning to return to the countryside.

Some have not been seen in living memory over large parts of the country and were long ago crossed off the list of native fauna by most people. One of these is the polecat, which has been waiting in the wings, mostly holed up in the wilder parts of Wales, until conditions were right to move back on to the English stage.

The end of gin traps and the protection given to it by the 1981 Wildlife and Countryside Act are part of the reason for its current expansion.

They are known to feed on amphibians and can cope with the poison glands of toads which deter many other species. Like moles with worms, frogs and toads, which are bitten at the base of the skull to

paralyse rather than kill them and so keep them fresh until required.

They live solitary lives. Each has a number of dens, spending about 24 hours at each before moving on to the next. In winter they tend to den in farm outbuildings or near dwellings on the edge of settlements where prey will be more numerous, and where they are more likely to be seen. But few people would recognise the dark, lithe, ferret-sized animal with a masked face as a native and, as it has now crossed the River Severn and is moving steadily eastwards, it is likely to feature increasingly in press reports of strange animals crossing roads at night or turning up in suburban gardens.

Dr Johnny Birks, of English Nature, who has recently started a two-year project studying the return of what he sees as a long-lost friend, is concerned that like the mink, the polecat will be regarded as an invading alien and will receive a similar exaggerated and hostile press. He is currently collecting road casualty polecats in the border counties in an attempt to assess the status and speed of its spread. His task is made more complicated by the fact that polecat ferrets have a very close resemblance to wild polecats; only careful measurements of the skull will distinguish the two. It also has one other snag – the polecat's smell. Not for nothing is it also called the foul marten...

Country Note/Michael Woods

The polecat's return

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FASHION



It's true: you are what you wear

Lucia van der Post reflects on dressing for work – and invites FT readers to a fashion workshop

DRESSING FOR work, we learned from the series of articles we have just finished in the Weekend FT, is a serious business. Whether it was an architect surveying a minimalist message, a surgeon trying to look safe with a scalpel, a government minister dressing to care, or an advertising executive trying to look creative AND responsible, everybody agreed that, whether we like it or not, how we dress conveys a powerful message.

Getting it right is not always easy, particularly for those who, perfectly properly, feel that their mind is better applied to the job in hand than to the clothes in their wardrobe.

Quite right. Let physicians stick to their stethoscopes, architects to their drawing-boards, lawyers to their briefs, and politicians to their boxes. But there may come a time when you might like a professional to sort out your wardrobe – just as you would call in an architect to build a new house, or an artist to paint a portrait.

This kind of help is in its infancy in the UK. In the US, stores have long acknowledged that the way to prosperity is to keep the customers happy, and the way to keep customers happy is to make them feel good in the clothes they buy. The store that stops you buying purple flares or an over-busy jacket is the store you go back to. The assistant who takes time and trouble to help you put a look together is the one you learn to trust.

A few of the smaller, more upmarket British boutiques have led the way. Susie Faux at Wardrobe, 3 Grosvenor Street, London W1, and 17 Chiltern Street, London W1 has long had a well-deserved reputation for helping the professional woman look both efficient and glamorous – NOT as easy as you might think.

She and her staff advise on hair, make-up and accessories as well as the clothes. "These days," says Susie, "my customers cannot afford to have two wardrobes so increasingly they want clothes that work in their professional and private lives. Though we are commonly perceived to be an expensive shop and you cannot dress well on nothing, the average income of our customers is between £15,000 and £18,000 a year – but they believe that good clothes are an investment." Her favourite labels are Jil Sander, Erreuno, Mani and Strenesse.

I have had great success at Whistles stores, where if you are prepared to spend time and look as if your mind is made up about getting a new look you can persuade an assistant to give you

some serious attention.

Some of the larger stores, such as Harvey Nichols and Harrods, have full-time wardrobe advisers who will search out garments for you at no extra charge. A colleague and I asked Gabriella Di Nora of Harvey Nichols to help find something special for a chic wedding. Gabriella was sympathetic and unpushy and she tried very hard. We both thought she was extraordinarily nice but we had initially hoped for a little more flair.

The lesson is that no matter how

clever a wardrobe adviser is, it takes time to build up a relationship. Gabriella had never seen my colleague and it was asking the impossible for her to come up with some stunning number for a total stranger.

My colleague went back a few days later and Gabriella produced a much more interesting collection, from which she eventually bought two suits: a navy-blue one by Yves St Laurent (in the sales reduced from £750 to £300) and another by the German designer Lange with which she

is extremely pleased. She will be using Gabriella again and Gabriella has even promised to look out for bargains that might suit her when sale time comes round.

Andrea Gales is strictly speaking a dress-designer cum dressmaker, but she seems to become a wardrobe adviser to her clients. She started as a costume designer and when asked to provide a series of snappy clothes for the yuppies in ITV's *Capital City* (remember the elegant Johanna Kanska?) she realised how difficult it was to find stylish clothes at a reasonable price. She then went into the designing and manufacturing business and now provides a beautiful bespoke service for a raft of (mainly) professional men and women.

Soft wool and silk or silk and linen jackets, linen dresses, hand-printed silk blouses – the clothes are lovely but not cheap. A bespoke jacket would cost about £550, an off-the-peg version (she always has a collection so that customers can see her range and style) about £400. Her customers, such as Jane Hill, a writer and art consultant, stockbroker Ruth Sack and barrister Gillian Marks, love the personal attention, the fact that the clothes really fit and that every one is different. Her shop is at 4 England's Lane, London NW3. Tel: 071-483-3242.

If you want wide-ranging advice – from how to get your hair cut, what shoes to buy and which of the many designers and shops is the one for you – then Amanda Platt (who regular readers may remember "did over" our buccaneering travel writer Nicholas Woodsworth) will give you her personal undivided attention for £225 a day. And if you think that is expensive, I would point out that that sum will ensure everything you buy will really work for you and will probably end up costing less than you would have spent on your own. Contact her at 28 Holland Park Avenue, London W11 3QU. Tel: 071-238-5109.

Finally, if you are still confused (and if you are, you are not alone) and longing for help Browns, of 23-27, South Molton Street, London W1, is holding a fashion workshop on the evening of Tuesday June 8 for the first 50 *Financial Times* readers to apply for tickets. Joan Burstein, the inspiration behind Browns and a legendary chic figure in the retail world, feels that fashion at the moment is in a state of flux and that most of her customers are more in need of advice and help than ever before. "Unless we are under 20, in which case there is no problem, it is difficult

to find a look that is comfortable, suitable and fashionable," she says. "I, for instance, am wearing trousers now which I have not worn for years. The long skirt is still a debatable issue as far as I am concerned – it isn't so much the length that matters as the proportion. I find a long skirt also looks better if it is of flowing material and not stiff, and the right shoe (with heel) is essential."

"Above all, women should feel comfortable in their clothes. Clothes should never be tight, and women should never get talked into buying something that they are not going to enjoy wearing. I wish customers would ask for help more. All my staff love to help and are trained never to push customers into unsuitable clothes – we want them to come back, which they will only do if they are happy – but on the whole the British are shy to ask. Many of our customers start with us by coming during the sales, and I wish more people knew about our Labels for Less shop across the way at number 45, where there are always bargains on offer."

Those who are accustomed to thinking of Browns as expensive (and undoubtedly some of the labels are) should know that there are also plenty of less expensive things that could do wonders for any wardrobe – Jil Sander T-shirts in masses of colours at £15 a time, fine, silky long-sleeved cotton tops in mouth-watering shades at £25, a crisp, classic white shirt for £25 and so on.

She thinks the key pieces this season are a blouse with a jabot, a long sleeveless gilet and soft, wispy crepe trousers (but study the proportions carefully). "I don't say no to jackets – most working women need them – I just say NO to power jackets. It is fabrics that matter – they should be softer, more flowing, more sensuous."

The Browns/FT fashion workshop will run from 6.30pm to 8.30pm on Tuesday June 8. Tickets are £30 (the money will go to the Leukaemia Research Fund) and will also entitle the reader to a 15 per cent discount on all purchases until the end of June. Champagne and snacks will be served, a Molton Brown goodie bag will be given to every reader and for the winner of a lucky draw there will be a £250 gift voucher. Tickets will go to the first 50 readers to send their name, address and £20 cheque (made out to the Leukaemia Research Fund) to me here at the Financial Times, No. 1 Southwark Bridge, London SE1 (mark the envelope Browns/FT Fashion Workshop).

JEWELLERY is being worn ethnic this summer, writes Lucia van der Post. Put away (for another time, another fashion) your discreet diamond studs, your pearls, your gentle little brooches – and search out the biggest, boldest, chunkiest pieces you own. According to Veronica Manussis, of Cobra & Bellamy, this season's jewellery is "savage and brutalistic." Which is why she and her partner, Tanis Hunter, have put together one of the biggest, most exciting collections of amber jewellery to be seen in many a year.

Amber is the fossilised resin found in fossilised trees. As those who love it will know it comes in many colours, from clear, pale yellow to richest blood red. The changing colours are caused by minerals from the soils by the earth's movements and by the degrees of pressure to which the amber is subject.

Cobra & Bellamy's collection is all from Russia, mainly from fossilised forests around the Baltic Sea. There are huge, chunky necklaces and bracelets of raw amber, some of which are photographed above. Prices for a necklace of some presence range between £200 and £400, though the most spectacular is £3,000. Then there are more refined and sophisticated pieces which they buy cut, often as cabochons, and which Veronica incorporates into her designs, setting them in sterling silver. Prices for these brooches, ear-rings and rings start as low as £29 for a pair of very simple ear-rings. A ring with a great deal of panache could be had for £103, a brooch for £283.

The collection is on sale now at Cobra & Bellamy, 149 Sloane Street, London SW1 and the Cobra & Bellamy shop in Liberty of Regent Street, London W1.



Joen Burstein, who will run the fashion workshop for FT readers, wearing Dorine Koen

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FASHION AND HOW TO SPEND IT

MANY PEOPLE, both men and women, initially balk at the idea of going to a dress adviser assuming that, like an interior decorator, they are an unnecessary extravagance.

The popular myth runs like this: they flounce into your life, toss out half your wardrobe, impose their own taste, turn you into a fashion victim by sending you to a designer with whom they are in cahoots and then charge you for the humiliation.

On the other hand, if you have just experienced a big change in your life - be it a windfall, a change of job, a new relationship or the birth of a child - treating yourself to a dress advisory session can be a therapeutic filler.

This is where the London Fashion Advisory can help. The most significant feature of the LFA is its independence. It offers impartial advice and recommends shops and private dressmakers who do not pay them a kick-back for doing so. Sessions take place in the privacy of your home, after work if necessary.

This is not only for your convenience but also to allow the consultant to see you in situ and assess your wardrobe and the state in which it is kept. A consultation takes at least three hours, can be exhausting and costs £180.

The LFA is run by Kate Ward Jones, a 22-year-old graduate of fashion who has spent ten years as a private dressmaker. Her strengths are that she is keenly informed about cut, shape and cloth; she is objective about your shape and colouring; has amassed an impressive array of research and - most important - conducts herself with winning tact and kindness.

She is not, however, a creative original; her strengths are that she will respect your taste, will help you create an idiosyncratic style of your own or, if that is what you want, just help you dress in a more flattering or suitable manner.

Doctor Alison Joy, a London GP, agreed to be our guinea pig - although she said she would normally never dream of employing a dress adviser because she did not want to change her own style.

Her current wardrobe is jam-packed, as she loathes throwing things out, and contains a few good classics, brought recently, some "Oxfam Grunge" bought as a student and still worn, and a few dearly-loved character pieces. She has a strong artistic streak and a suspicion of corporate dressing.

Kate first asked what Dr Joy



Kate Ward Jones: a helping hand with personal style

Best advice from a closet mistress

Jane Mulvagh puts a wardrobe adviser to the test

was aiming for. A new look? Not particularly. A clearout? No, she hates throwing things away. To spend some money? Yes, she wanted a better wardrobe both for her professional and private lives.

Alison admitted that she has never spent more than £1,500 a year on clothes and shoes, but now that she wanted to improve her wardrobe, "an independent adviser is very helpful, for friends and husband get bored with this sort of overhaul."

Like so many women, and in spite of a pleasing figure, she is dissatisfied with her shape. "I should be small all over but in fact I'm small on top with wide hips - a classic pear. It's a difficult shape to buy for off-the-peg."

Kate worked steadily through the clothes, making piles to keep, piles to alter, and bands get bored with this sort of overhaul."

Best of all were her "make do and mend" tips. A beautifully tailored but very old-fashioned cream wool overcoat was

pointed out that "I'm going to be ruthless and say what I think, because you're paying me for this."

Kate quickly grasped the essentials of Alison's lifestyle. Throughout the session she emphasised that "clothes are a serious investment and you must look after them."

Maintenance tips are part of the service: metal coat hangers, old dry cleaning bags and sentimental but unwearable hand-me-downs were all binned.

She gave advice on mending, how to press clothes by hovering a steam iron a millimetre or so above clothing rather than pressing down on them, how to disinfest wardrobes and keep them aired. She recommended that jumpers be washed inside out and suggested spot cleaning rather than repetitive dry cleaning.

Best of all were her "make do and mend" tips. A beautifully tailored but very old-fashioned cream wool overcoat was

transformed into a long-line dandy jacket with amusing buttons, while the garish red braid that had rendered a loden jacket unweary was exchanged for a subtle and pretty floral one. The jacket has become the stalwart of Alison's country wardrobe. Two favourites - Moschino shorts and a Polken bustier which are no longer pristine - were altered and copied.

A few days later Alison was sent a thorough report suggesting what needed to be bought, altered, copied, thrown out and including a helpful list of stores with varying price levels: ranging from Fortnum & Mason and bespoke tailors to inexpensive boutiques in the suburbs. If Alison had wanted to, she could then have gone shopping with a consultant to advise her.

On the whole the suggestions were sensible rather than wildly original, concentrating on a professional working woman's look, but overall LFA did an impressive job.

Alison's verdict? "On the whole I thought Kate was excellent, although I felt that she was dressing me up too much as a professional woman and not enough for my real life or my fantasy life, be it the countryside or playful evenings. Her knowledge about tailoring a shape is good. She taught me how to use my figure and not to mind its curves. Kate gave me the guts to use my good bust and has suggested bodies - they are flattering and inexpensive and don't have to be ironed! I've already bought one each from Maxmara and Graham & Green."

She also felt that Kate was excellent at pulling various pieces together, at advising how to add a new belt or an inexpensive accessory to make them look smarter.

Another satisfied customer said: "LFA came to my rescue. I have no time to plan a wardrobe, let alone go shopping on a budget, and they even helped to produce a new wardrobe out of old clothes and horrendous mistakes."

Amanda Pelham Burn, director of Corporate Relations International, says: "LFA performed the arduous task of forcing me to weed out a 15-year-plus collection of clothes. Once I could see what was left, together we built a coordinated and organised wardrobe for both work and play."

■ London Fashion Advisory, The Plaza, 535 Kings Road, London SW10 0FZ. Tel: 071-576-6046, fax 071-78-3510. Wardrobe consultation £180. Each hour thereafter £45. One-day assisted shopping trip, £350.

shouted their falling numbers up and down the width and length of Africa, fought for them, lobbied for them and written about them. "Recently," said Desmond Morris recently,

"has done more for the elephants than the Douglas-Hamiltons."

So a chance to go in among the elephants with Iain and Orla as our guides seemed special enough to make me look to my safari hat. This will be the

camp of Roland Purcell in the Mahale Mountains on the eastern shores of Lake Tanganyika. Here among the palm-nut vultures, the fish eagles, the goliath herons you will stay for three nights with Roland on hand to illuminate the experience. Roland is to chimp what the Douglas-Hamiltons are to elephants. He has studied them, known their families, has given them names and is a

sod the recession?) - but I believe that what you will be getting is unbeatable: world authorities on elephants and chimpanzees, private camps in secluded parts of the bush and private charter flights from one area to another.

Anybody wanting more information and a detailed itinerary should write to me at The Financial Times, No 1 Southwark Bridge, London SE1 9HL, marking the envelope "Safari". To book a guaranteed place a deposit of £1,000 will be required (non-returnable except in cases covered by holiday insurance). It should be made payable to Africa Explorations but sent to me.

That Africa could still have further delights to offer seemed unimaginable. But that was before I met Iain and Orla Douglas-Hamiltons.

Anybody who knows anything about Africa knows that there is scarcely another soul who knows as much about elephants, who has spent as many hours right in among them, as Iain and Orla. Ever since Iain went out to Africa as a young Oxford zoology graduate to complete his PhD thesis on elephant behaviour, and met Orla at a party in Nairobi, elephants have been their lives. They have studied them on the shores of Lake Manyara,

world-renowned expert on primate behaviour. There, in the tropical rainforest, is the largest known group of chimpanzees in the world, some 100 strong, which Roland will take you to.

From the Mahale Mountains another private charter flight takes you to your own camp in a private part of the Masai Mara Reserve to search for the wildebeest migration, one of the great sights of Africa.

The trip ends with three days in the Douglas-Hamiltons' own home on the shores of Lake Naivasha with more local treats such as lunch among the flamingoes of Lake Nakuru and a flight round Mount Kenya (designed to make sure you come back to climb it).

The safari starts at Heathrow on Friday, September 3 and finishes back at Heathrow on Monday, September 20. It has been orchestrated by English Explorations of Holwell Barn, Holwell, Burford, Oxon OX18 4JS.

At £5,695 per person it is not cheap - (time perhaps to say

you come back to climb it).

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BOOKS



Sherpas erect prayer flags at Base Camp during a Norwegian expedition to Everest in 1985. The photograph is one of many outstanding mountain landscapes in 'Everest: The best writing and pictures from seventy years of human endeavour' (Little, Brown and Company, \$35/£25, 206 pages), edited by Peter Gillman

FRANK MC LYNN is an extremely prolific author of second-rate biographies. Here he does it again and takes 500 pages to tell a familiar story to which he adds a particular spin.

Robert Louis Stevenson has always attracted hordes of biographers, no doubt because his short life is a wonderful romance. But do we really need another version so soon after Ian Bell's useful effort a few months ago? Jenni Calder and James Pope-Hennessy are still available and - oh Lord - there are probably more in the pipeline for next year's centenary. The answer depends, of course, on what the biographer has to offer.

McLynn is a practitioner of the dreaded new genre of the "psycho-biography", although his qualifications are by no means clear. For those still ignorant of this fashion, one quotation serves to illustrate the quality of his (psycho)analysis - and also his prose: "Proper 'socialisation' into normal attraction to the female was further vitiated by the stern Victorian moral code and if Thomas Stevenson was indeed instrumental in ending an early relationship with a prostitute... this would both have increased oedipal antagonism between father and son - since Louis would, at least unconsciously, have seen Thomas as a dog in the manger - and left him in a sexual cul-de-sac." Note that this appalling farago is dependent on a speculative "if".

The main point about this book is that McLynn has decided that the wife, Fanny Osbourne, is the villain of the piece and has turned a conven-

My awful wedded wife

JDF Jones on a new life of Robert Louis Stevenson

tional biography into a polemic of abuse against the wretched woman. Fanny has for long had her critics, who many years ago began to question the portrait of the dedicated wife nursing her consumptive husband.

It can be agreed that she was often absent, often ill herself, selfishly extravagant, over-indulgent of her children, "insanely jealous" of his friends. But in McLynn's portrait she becomes a monster; RLS became "a martyr to the greedy grasping Osbourne family"; he died at 44 of "cerebral haemorrhage brought on by overwork and anxiety caused by the Osbourne clan."

This older divorcee from Indianapolis was, from the beginning, "a very rum creature indeed". Perhaps she was. But we soon start to wonder whether she can have been devoid of virtue. The vilification of Fanny, and "treacherous ingrate" Lloyd - so obsessive, so constant and unrelied, that the reader begins to object and say, well, Louis must have liked her, and she did nurse him often, and yes, her illnesses may have been psychosomatic, but that does not mean they were not illnesses. Then there are the poems: "Dark as a wayside gypsy", "Like a hedgehog", "She moves a glowing shadow/Through the

sunshine of the fair; And golden hue and orange/Bosom and hand and head/She blooms a tiger lily./In the snowdrifts of the bed..."

Biographers are required to be very convincing. For example, it has always been known that RLS dreamed the story of Jekyll and Hyde, and told it to his wife. His first draft of the dream, she convinced him, was not right, and as a result he burned it and

ROBERT LOUIS STEVENSON: A BIOGRAPHY
by Frank McLynn
Hutchinson £20, 568 pages

started again - to finish with a masterpiece.

McLynn sees it otherwise. The diabolical Fanny, concerned principally for her best-seller and alarmed by the "adult view of sexuality" in the first version, made such a stink that he threw it in the fire. There is no proof for this version of events. It is at least possible that Fanny, as she and Lloyd later reported, realised that the first attempt to communicate the dream which she had already told about somehow missed the point. No one can be sure; it does not really matter.

Fanny apart, McLynn is good when

he writes about sailing in the South Seas (which sounds terrifying), about RLS's ambivalence about the Pacific-as-Paradise, about his constant money worries, about his problems with the Grundyism of the 1890s. McLynn is far too long. He surely overdoes the tension between father and son. He is numbingly boring about Samoa politics. He cannot resist fixating with earlier biographers. More happily, he esteems, in particular, *Kidnapped*, *The Master of Ballantrae*, *The Beach of Falesia* and *The Ebb-Tide* - with which we can all agree.

And RLS survives yet again - the Scottish genius who combined the awkward strands of Calvinism and Jacobitism, the lover who pursued his woman from France to America, the sickly boy who escaped to the South Seas, the lifelong consumptive who recovered his health in the tropics to die there of a stroke. Leave him with this exchange with Henry James, his friend and admirer: of *Treasure Island*, James had pronounced, "I have been a child but have never been on a quest for buried treasure." To which RLS replied in an essay: "Here indeed is a wilful paradox, for if he has never been on a quest for buried treasure, it can be demonstrated that he has never been a child."

Stevenson pictured in Samoa

the decisiveness, the clarity of vision as to the message he wished to convey and the audience he wished to address, qualities common to all good editors. As Whittam Smith kept repeating, the paper did not "create enough noise."

To make matters worse

Glover surrounded himself with similar characters. His deputy, Sebastian Faulks, was a stylish novelist and feature writer but, without any apparent interest in the actual editing process. The top brass as a whole formed what the troops termed the "meeting" or "strolling" classes, spending half their time in interminable, indecisive meetings, and the other half strolling down the open office which housed the hacks, for all the world behaving like overseers in a tritement looking down their patrician noses at the rows of galley slaves. I am afraid that General Glover is deluding himself when he says that it was "an exceptionally happy paper."

Matters improved when

Faulks was replaced by Stephen Fay, an energetic former *Sunday Times* man with a flair for choosing and inspiring younger journalists. But the combination of the recession and Glover's inadequacy made a crisis inevitable: in the summer of 1991 the daily and the Sunday were largely merged and he left.

Since then the Sunday has flourished under a new editor, Ian Jack. Unfortunately, Glover is bitter in defeat; at no point does he face the fact that justice was done. As he puts it: "An editor should be allowed to edit unless he were thought not to be up to the job." Quite so.

Nicholas Faith

A mute cry of injustice

A BOOK wafted into a reviewer's hands on publicity purrs from such diverse sources as crime writer Ruth Rendell and linguistic theorist professor David Crystal looks immediately dubious. But some - like this - are much better than their PR people tell us. This is an interesting moral tale, with a central character who utters scarcely a word.

Genie - not her real name - was discovered in a small Californian town in November 1970. Aged 12, she had spent all her life caged inside a single room, often inside a wire-mesh cot, trapped by a demented father and a weak, cowed mother. Having lived in almost complete silence Genie spoke not a word, instead communicating her basic urges by a variety of crude physical gestures.

The moral outrage of the media which the case aroused swiftly gave way to the muted clumpiness of bureaucratic care and scientific fascination. Psychotherapists, doctoral students, social workers, lawyers and linguistic analysts spent the next decade squabbling over who owned and had the right to analyse - exploit is not too strong a word - Genie. No one emerges with honour; each used her as a means of self-promotion, even while fiercely decimating altruistic intent.

Rymer considers previous

cases of children brought up without language, the most famous perhaps being that of Victor of Aveyron, discovered in France in 1800. The appalling irony of Genie's case is it demonstrates that while science has progressed, humanity has not.

Were this simply a gentle delineation of man's inhumanity to man it would scarcely be anything more than a familiar moral tale. What lifts it are Rymer's efforts to explore the

GENIE: ESCAPE FROM A SILENT CHILDHOOD
by Russ Rymer
Michael Joseph £14.99, 227 pages

debates concerning how language is learned and how important is the learning of language to intellectual development. He concludes that "the organisation of our brain is as genetically ordained and as automatic as breathing, but, like breathing, it is initiated by the siren of a midwife, and the midwife is grammar."

It will be interesting to see whether this thoughtful book adds a further layer to the exploitation of Genie. It has all the ingredients of a Hollywood movie. Will Rymer be able to resist becoming the final player in a grisly, shaming script? Does it snow in Greenland? Well, not always.

Gary Mead

The fall of a paper tiger

National Service because he supposedly did not have leadership qualities" was transformed into a charismatic entrepreneur who could "have been a Nobel laureate in conviction, able to persuade dozens of City institutions to invest in the first serious paper to be launched in well over a century." But his contribution was not only financial and managerial - even Glover, turned sour by his experiences, admits that Whittam Smith was always on the side of the reader, and credits him with some notable touches, notably the paper's imaginative use of black and white photographs.

Glover's laid-back, semi-tacit attitude makes him an admirable chronicler, but proved a disaster when, as seemed natural, he became editor of the *Independent on Sunday*, founded just as the recession was biting. But here I must declare an interest: to adapt a phrase I was "an unpaid acting lance-corporal in the stage army of the good" commanded by General Glover and can thus compare his account with the way it seemed in the front line. As so often, the view from the trench is profoundly at variance with the despatches of the commander-in-chief, with their obessional, self-justifying concentration on the political manoeuvrings at the top rather than on the progress of the war.

The resulting paper was one of the defining events of the 1980s, demonstrating the can-do atmosphere of the times, the ability of the young to translate dreams into practice. Interestingly, Symonds defined the paper as mixing "the politics of the extreme centre" with a preference for "free market solutions to eco-

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Thanks to the success of the daily, the Sunday paper enjoyed a flying start, building up a colossal head of steam - which soon evaporated. To the troops Glover seemed to lack the energy, the enthusiasm,

the decisiveness, the clarity of vision as to the message he wished to convey and the audience he wished to address, qualities common to all good editors. As Whittam Smith kept repeating, the paper did not "create enough noise."

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Nicholas Faith

The very Irish PM

Malcolm Rutherford on the mixed life of Charles Haughey

THERE ARE two ways of looking at this thoroughly recommendable biography of Charles Haughey, the former Irish prime minister.

One is to admire the professionalism of the research and the quality of the writing and to be swept along to the author's seemingly objective conclusion that Haughey was a poseur who thought he could walk on water and sometimes did.

The other is to stand back a bit and notice how much Ireland has changed over the years. Surely Haughey and his friends cannot have done everything wrong?

Haughey was prime minister on and off for about the same period as Margaret Thatcher was prime minister of Britain, though without her continuity. Bruce Arnold has also written a biography of Lady Thatcher and thinks that the pair of them had something in common, "including a shared disdain for those under them, and a fearless obsessive concern for control and power". Yet perhaps that is simply a truism about leaders who remain a long time in office. It may be more instructive to look at Haughey in an Irish context.

Few will remember how backward Ireland was in the 1960s. It was cut off not only from mainstream Europe but also from mainstream Britain. It was excessively under the influence of the Catholic church. Then it began to change. The top brass as a whole formed what the troops termed the "meeting" or "strolling" classes, spending half their time in interminable, indecisive meetings, and the other half strolling down the open office which housed the hacks, for all the world behaving like overseers in a tritement looking down their patrician noses at the rows of galley slaves. I am afraid that General Glover is deluding himself when he says that it was "an exceptionally happy paper."

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HAUGHEY: HIS LIFE AND UNLUCKY DEEDS

by Bruce Arnold
HarperCollins £17.99, 328 pages

and there was room for apprehension. Haughey as minister became at least party to illegal arms imports designed to cross the border, and was at least partly found out. Arnold says that the full details of the case will probably never be known.

Nevertheless, Haughey is a tainted figure. The main reason is his involvement in the arms scandal at the end of the 1960s. Until then the main case against him was simply that he was a bit of a show-off, "a man in a mohair suit" seeking to combine new wealth and old. It was never clear, and Arnold provides no new evidence, where the money came from. Haughey had not been conspicuously interested in Northern Ireland before. Arnold suggests that he changed opportunistically because he saw the cause of the Catholic minority in the north as a route to power in the south and a way of keeping up with his rival, Neil Blaney.

To be fair, events in Ulster had taken a turn for the worse

breaks for the artists rather than subsidies for the audience, which is an enlightened as well as an economic approach. Ireland has done well out of its writers.

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It took nearly a decade for Haughey to rebuild his reputation, yet the striking fact is that he did. There were other suggestions of scandals and errors of judgment to come, but where I think Arnold is unduly censorious is in suggesting that these were peculiar to Haughey. They are more in the nature of Irish politics. True, Haughey was the son-in-law of a former prime minister, Sean Lemass, but there is a lot of nepotism about. The Irish system is very inbred: there are plenty of Fitzgerald relations about as well as Haughey's. And when Haughey finally left office, his successor, Albert Reynolds, became involved in the kind of scandals that were familiar in the past.

Arnold makes a revealing choice of word when he writes that Haughey was "recruited" into Fianna Fail in 1947, just as he might have been recruited into the KGB or MI5. The party has its authoritarian tendencies and fondness for expulsions, but it does have achievements. This book is a wonderful demonstration of the Irish talent for attacking other Irishmen: it would be even better if it were less unrelentingly hostile.

FICTION

Simply the colour of Chinese blood

EVERY COLOUR in the spectrum brings a train of associations in its wake. Red means anger, the rising sun, blood, potency, victory in war – and, of course, death.

The barbarity of *Red Sorghum*, a novel that explores in great and compelling detail the fratricidal violence that engulfs three generations of a single Chinese family in the province of Shandong from the 1920s, is underpinned symbolically by the abiding presence of red sorghum in the fields, a crop that grows tall and dense and, in the autumn, "shimmers like a sea of blood." The novel is newly translated from the Chinese and written by a member of the cultural affairs department of the People's Liberation Army.

Now since D H Lawrence's *The Rainbow* has the natural world so effectively sided and abetted the themes of a work of fiction. The characteristics that shock, disgust and exhilarate, in almost equal measure, in Mo Yan's narrative are twofold: its headlong, almost unmitigated cruelty; and the breathtaking speed with which barbaric incident is piled upon barbaric incident.

Almost every page seems to be taken up with the dirty, messy business of death, death-dealing and dying, and all these incidents are rendered in a language that possesses a kind of ritualised luxuriance.

There are two kinds of warfare being waged in the book: that among the native Chinese themselves who, in the 1920s, seemed to be part brigands and part freedom fighters; and between the Chinese and the Japanese in an on-going war of resistance that reaches a climax of bloodletting in 1938. The backdrop is almost always the same: those faithful sorghum fields in which this orgy of fanaticism and cruelty is enacted.

The re-publication of *The Dawning* by Milka Bajic Poderegin, the late Serbian novelist, is timely. The first novel in a trilogy that was never completed, this book too, analyses the travails of an entire people largely through the effects on a single family, but Poderegin's manner of writing could not be more different from Mo Yan's.

The novel spans the period from the mid-19th century until the outbreak of the first world war, and it is set in the

small town of Plevile in southern Yugoslavia. A Serbian family chronicle, its presentation is deceptively leisurely in a manner often reminiscent of Turgenev, because of his belief that the Americans themselves, being human beings, have as much right to be ordained as priests as anyone else.

Stangerup's novel is an impassioned piece of fictionalised historical research, compellingly learned and masterfully abstruse by turns. Unfortunately, it lacks the inner momentum that every novel needs if it is to be anything more than a concatenation of fictional circumstances.

The plight of Catholic believers in Japan is a theme to which the Japanese novelist Shusaku Endo returns repeatedly in *The Final Martyrs*, a new gathering of stories that have been written over the past 40 years. In his preface to the English edition of the book, Endo explains the reason for its principal weakness: the tiresome overlapping of themes (others include family disharmony and case histories in physical decrepitude, for example) from story to story.

Endo writes that the short story form is useful because it enables the writer not so much to present characters and themes as to explore the possibilities of using them in more ambitious contexts elsewhere – in the next great novel that one hopes to write, for instance. On the other hand, no one can deny that an important writer's nail clippings are worthy of a certain amount of forensic attention.

Michael Glover

book's close, the Austro-Hungarian empire is collapsing and the Turks have suffered defeat in the war of 1912, thus expunging five centuries of shameful memories of the historic Battle of Kosovo.

This impressive, sombre document is, above all, an extended description of the passive, heroic suffering of that most oppressed of the social classes in the 19th century – women; but it also reminds us, chasteningly, how deep and extensive go the roots of present Balkan troubles.

The Danish novelist Henrik Stangerup, has just completed the third book in a trilogy of novels (the first two were *The Road to Lagoa Seca* (1981) and *The Seducer* (1985)) that have explored what the philosopher Soren Kierkegaard regarded as the three essential stages upon life's way: the aesthetic, the ethical and the religious.

Brother Jacob, the "religious" conclusion to the trilogy, describes the life of a 16th century mendicant Franciscan friar who has been driven out of his native country by the dogmatism and sterility of the Lutheran Reformation, and flees to Mexico to minister to

the Amerindians. Unfortunately, he then finds himself at war with the established forces of Roman Catholicism because of his belief that the Amerindians themselves, being human beings, have as much right to be ordained as priests as anyone else.

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Michael Glover

Betrayal in Piccadilly and Rome

Bronwen Maddox on two flawed novels and one satisfying one

Stephen's descent.

The narrator of Allan Massie's *Cæsar* has more substance. This version of the plot to kill Julius Caesar is told through the eyes of Decimus Brutus, the protégé whom Cæsar most trusted and who became one of his assassins.

Given the difficulty of bringing historical figures to life, it is unexpectedly rich and detailed, particularly on Cæsar's manipulation of loyalty. It carries echoes of Margaret Thatcher's blindness to opposition and her eventual fall: "I have heard Cæsar deny the very existence of society", says the narrator.

But the pace often slows to that of a politician's memoirs, and some sentences take schoolroom concentration to comprehend: "So nothing was done on his [Ptolemy's] behalf, until, as a result of the famous meeting between Pompey, Cæsar and the millionaire booby Marcus Crassus at Luca, the three of them formed what Cæsar (in private) described as a 'criminal conspiracy to share sovereignty and dominate the Republic'." Readers who dare skim over those passages will be left scratching for the six-page chronology and list of characters at the front.

In contrast, Michael Tolkin's highly amusing second novel is an effortless read. Like his

second half of the book – is indeed as a tape recording to Esther and Gabriel because "I could never tell you this to your face". Bailey thus spares himself an exploration of their disgust or pity, and, because the Bishop is already jailed, of their responsibility to act.

Stephen's account of how he was lured into the Bishop's "palace" is hardly the "descent into hell" that Esther claims.

He expresses no despair, and

shares his fascination with



Allan Massie: rich in detail, but a slow pace

the aeroplane he has missed crashes, however, killing his wife and child, the inexorable exposure of his fantasies becomes a nightmare. In the end, the only one who has the right words is the author, who manipulates the characters' fates with the comic deftness – and cruelty – that he showed in his first book. Satisfyingly, with immense speed, retribution arrives.

A mixed child of creation

THIS SOUTH AFRICAN critic Lewis Nkosi once spoke fondly of the African novel as "the bastard child of many cultures and genres." The creative tensions of a mixed descent are clear enough in the latest novel by Nuruddin Farah, the expatriate Somali writer. *Gifts* is set in Mogadishu during the 1980s, before much of Somalia's seaboard capital was destroyed by clan wars. This is a love story, told largely through the

their own misfortune. Caution is the answer, or part of it, and caution must supply the rest. Duniya, who has already been given away in marriage as a young girl, can favour her suitor only in the absence of coercion. She makes the "gift of herself" in the closing stages of the novel and, by doing so, retrieves a plausible innocence for love, if not for all forms of give and take.

Farah has always written well about women. So, of course, do the contributors to Charlotte Bruner's collection.

The book is well edited with detailed notes on the women writers in question, among them Bessie Head, the South African novelist who died in 1985, and the Egyptian author, Nawal El Saadawi.

Some of the best material

comes from the Maghreb. Asma Djebai writes with wit and elegance about the stir caused in a conservative Algerian village when a man on his travels sends a postcard home to his wife. "My father had quite brazenly written his wife's name... he had dared to refer to her in the western manner as 'Madame So-and-So'." Henceforth the couple speak openly of each other and their little daughter has her first inkling of the possible happiness, the mystery in the union of a man and a woman."

So-and-so would be the best

point of address for the hero of

Sousa Jamba's novel *A Lonely Devil*, who ascends into the

higher orders of wickedness on

an imaginary island which has

more than a passing resemblance to the author's native

Angola. Nando, who is abandoned at the age of four and

develops a reckless taste for

cruelty, illustrates the axiom

that those who are left in

harm's way do harm to others.

"We deluded ourselves," says

Nando, at the end of a career

in the torture chamber and the

party caucus, "with the idea

that the glorious future awaiting us justified anything." This

novel is a pungent little *flamme du mal*; its scent clings obstinately to one's hands.

Jeremy Harding

GIFTS
by Nuruddin Farah
Serp 19.99, 242 pages

AFRICAN WOMEN'S WRITING
edited by Charlotte Bruner
Heinemann £6.99, 211 pages

A LONELY DEVIL
by Sousa Jamba
Fourth Estate £12.99, 154 pages

reactions of the central character, Duniya, to a persistent and kindly suitor.

Farah's fiction is rarely as simple as it seems. The puzzling arrival of a founding child marks a hiatus, both in Duniya's life and in the plot of the novel. Duniya is happy to take on the baby but it dies soon afterwards and she is thrown back on her circumstances. A clue to the founding may well lie with that other bastard child, Nkosi's African novel.

Gifts is an exemplary hybrid, in which the Somali habit of metaphor, grounded in oral tradition, gives depth and structure to a finely woven, rather English prose. The arrival of the child, followed by its death, opens an inquiry into the nature of the gift. To Farah, all gifts – from foundling children to overseas aid for poor African states – are suspect. Food donations, says one of his characters, undermine "the African's ability to survive with dignity." Those who accept a gift at face value may merely be conning in

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SUMMER FESTIVALS

Culture over the continents

Our critics offer a rough guide to a civilised holiday

AIX-EN-PROVENCE

July 11 - 28
Ancien Palais de l'Archeveche,
13100 Aix-en-Provence,
France. Tel: (16) 4217-3434

An attractively diverse trio of

operas this year: Weber's musically abundant *Euryanthe*,

Handel's magnificent *Orlando* (with Felicity Palmer), both in

new productions, and a *Don Giovanni* revival. Among the

concerts is a Berlin *Enfant*

du Christ in the Cathedral and

Campra's *L'Europe galante* in

the Archbishop's Palace theatre;

among the many choice

recitalists attracted to this choicest of festival locations are

Wilhelmenia Fernandez,

Andreas Schmidt, Gundula

Janowitz and Lella Cuberli.

ALDEBURGH

June 11 - 27
High Street, Aldeburgh, Suffolk IP15 8AX. Tel: (0728)-453543

The first of this year's two

operatic events is a concert

revival of one of Britten's less

acclaimed works, the "television opera" *Owen Wingrave*,

long overdue for re-evaluation;

the second is Monteverdi's

Orfeo (also in concert), given

by students of the Britten-

Pears School conducted by a

tenor who is himself a famous

Orfeo - Anthony Rolfe Johnson.

Performing luminaries include Julian Bream, Peter Serkin, the Borodin Quartet, Esa-Pekka Salonen and Thomas Allen; composers under the spotlight include Peter Paul Nash, Takemitsu - and, of course, the founding genius himself.

BAD KISSINGEN

June 25 - July 18
Stadt Bad Kissingen, Postfach 2260, D-8730 Bad Kissingen, Germany. Tel: 971-807110. Fax: 971-807191

The chief attraction of the

"Kissinger Sommer" is its setting in a north Bavarian spa town. The Regentenbau - a former royal house - incorporates four splendid concert halls, and there is also a *fin-de-siècle* theatre. This year's attractions include operatic

concerts with Margaret Price, Cheryl Studer, Edith Wiens and Kata Ricciarelli; a staged production of Handel's *Tamerlane*; song recitals by Emma Kirkby, Gwyneth Jones and Wolfgang Holzmair; and symphonic concerts conducted by Lorin Maazel, Kurt Sanderling and Gerd Albrecht.

BATH

May 21 - June 6
Linley House, Pierrepont Place, Bath BA1 1JY. Tel: 0225-463393/466411

The last Bath festival under the directorship of Amelia Freedman, founder of the Nash Ensemble, focuses on the music of Grieg (a 193rd anniversary composer), Schumann and Robin Holloway (two Nash concerts in the opening weekend). Other attractions are the front-rank pianists - Brendel, Alexeyev, Pizarro, Kovacevich, Joanna McGregor, Schiff, Mel-

vyn Tan - among this year's crop of recitalists, and a clutch of Norwegian groups (the pianist Leif Ove Andsnes, Norwegian String Quartet, Norwegian Chamber Orchestra) to add authenticity to the Grieg celebrations.

BAYREUTH

July 25 - August 28
Kurtenhöhe, Bayreuther Festspiele, Postfach 100262, D-8580 Bayreuth, Germany. Tel: 921-9211

Interest this year focuses on a string of debuts. The east German dramatist Heiner Müller tackles his first-ever opera production, *Tristan und Isolde*, to be designed by another Bayreuth debutant, Erich Wunder.

After a decade as Bayreuth's reigning Kundry, Waltraud Meier attempts the soprano heights of Isolde, while Siegfried Jerusalem tackles his first Tristan. Daniel Barenboim returns to conduct his second Bayreuth *Tristan*. In *Parsifal*, the new Kundry is Deborah Polaski, while Poul Elming and Linda Finnie join the cast of *Lohengrin*.

BERGEN

June 2 - 18
Bergen International Festival, Box 183, 5001 Bergen, Norway. Tel: 5-216100 Fax 5-315531

Bergen is celebrating two landmarks - the 40th birthday of its festival, and the 150th anniversary of its most famous son, Edvard Grieg. The Norwegian Ballet presents two new Grieg ballets, while orchestras from Bergen and Trondheim play the major symphonic works.

The festival also showcases leading Norwegian instrumentalists - including cellist Truls Mork, pianist Leif Ove Andsnes and violinist Arve Tellefsen. Dmitri Kitzenko conducts a Schnittke world premiere.

English National Opera gives two performances of Jonathan Miller's malious production of *Rigoletto*, and Ingmar Bergman brings his Stockholm production of Ibsen's *Peer Gynt*.

BERLIN

August 31 - September 30
Berliner Festspiele, Karteibüro, Budapester Straße 50, D-1000 Berlin 30, Germany. Tel: 30-254890. Fax: 30-254 8911

This year's festival is a meeting point between Europe and Japan, with performances by the Tokyo Ballet, the New Symphony Orchestra of Tokyo, traditional Kabuki and Noh theatre companies and other Japanese ensembles. There are

concerts conducted by Abbado, Ashkenazy, Barenboim, Maazel, Norrington, Sanderling and Teusner, plus Beethoven piano recitals by Brendel and Pollini, and a visit from the Paris-based Peter Brook Company with *L'homme qui*, the British director's latest theatre piece.

BREGENZ

July 20 - August 23
Bregenzer Festspiele, A-6901 Bregenz, Postfach 311. Tel:

5574 4829-228

The opera festival on the

Austrian corner of Lake Constance

continues to solidify its con-

nection with front-rank British

opera producers. This year's

operas are *Nabucco* on the

floating stage, in a produc-

tion by David Pountney, and Glori-

dano's *Fedora* indoors, in a

Jonathan Miller production with Mara Zampieri.

BUXTON

July 14 - August 1

Buxton Opera House, Buxton,

SK17 6XN

Distinctly mediocre and poorly

cast) of Donizetti's *Maria Stuarda* borrowed from Monte Carlo Opera. Buxton's days as a source of home-generated festival-opera excitement seem to be gone for good.

CHELTENHAM

July 3 - 18

Festival Box Office, Town Hall, Cheltenham GL50 1QA. Tel: 0242-523690

An exciting "first" for Cheltenham - the specially-commissioned premiere of Michael Berkeley's first opera, the Killing-inspired *Baa Baa Black Sheep* (given by Opera North)

- ties in with an Cheltenham

ambitious project, the larger

examination of works by both

composing Berkelys, Michael

and his late father Lennox (a long-time Cheltenham favourite).

Among the many other

British composers prominently

featured are Nigel Osborne,

David Blake and John Casken;

otherwise, the mixture of

orchestral and chamber music

has the familiar Cheltenham

profile.

COVENT GARDEN

May 17 - 31

29 Shelton Street, London WC2H 9PU. Tel: (0839) 600-600

for info, and 071-497-9977,

bookings)

This London enterprise started

small, has grown increasingly

ambitious and, in 1993, with

sponsorship from BOC, spreads

itself out in various Covent

Garden locations. String a new

Magic Flute production (con-

ducted by Jane Glover) in Free-

masons' Hall and one of the G

& S Trial by *Jury* in the Bow

Street Magistrates' Court may

prove to be brilliant feats of

imagination or else mere

gimmicks; but the two-week pro-

gramme is also filled with fare,

mainly opera- or voice-orien-

ted, of soldier, simpler attrac-

tions - such as Mendel-

sova's *Vespers*, Purcell's *Fairy Queen*; Handel's *Belsazar*, and young singers in recital, all in St Paul's Church, and several music-theatre pro-

grammes by bold young com-

panies.

EDINBURGH

August 15 - September 4

21 Market Street, Edinburgh

EH1 1BW. Tel: 031-225-8756.

Fax: 031-226-7669

Edinburgh looks in particu-

larly good shape this year. The

1992 Festival made a large

enough surplus to pay off the

accumulated deficit and the

early bookings for 1993 are sur-

prisingly heavy. This is excel-

lent news for Brian McMaster

who had to throw his first festi-

val together quickly last sum-

mer, but is able to present a

more considered programme

this year. The international

element is all pervading.

MUSIC

Given McMaster's back-

ground running Welsh

National Opera it is hardly sur-

prising that the music pro-

gramme is particularly strong.

The main theme is a juxtaposi-

tion of the music of Janáček

and Schubert, through 18 con-

certs and recitals, culminating

in a concert performance of

Janáček's first opera *Sárika*

and Schubert's rarely per-

formed opera *Die Freunde von*

Salamanca. There is a small

homage to Verdi, with a con-

cert performance of his first

opera, *Oberon*, and Peter Stein's

production for the WNO of his

last, *Falstaff*. In addition Scott-

ish Opera is presenting a new

I Due Foscari, and there is a

SUMMER FESTIVALS

Jazz from London to Montreux

EVEN AS you read this, sound checks are taking place all across North London. The festival season kicks off today with the launch of the *London Jazz Festival* (May 14-23). A successor to the Camden fest, the event has been expanded by the involvement of the north London boroughs of Islington and Hackney and this year involves nearly 100 concerts at 13 metropolitan venues. Eclectic programming has produced main attractions to suit all tastes and features Abdullah Ibrahim at the Hackney Empire, Tania Maria at the Forum (May 16), Anthony Braxton at the Bloomsbury Theatre (May 22) and, appropriately, the gospel according to the Five Blind Boys of Alabama at the Union Chapel (May 23). A Festival Nomad ticket which allows free entry to some concerts and concessions on the door at others costs £30. (London Jazz Festival Information Hotline 071 911 1652)

For concentrated enjoyment in a more pastoral setting Brecon Jazz (Tel: 0874 625557), this year celebrating its 10th anniversary, is hard to beat.

Between Aug 13-15 the market hall will feature concerts by Lionel Hampton, Wynton Marsalis and Stephane Grappelli while the rest of the town will be jumping (and sometimes lurching) to the varied outdoor gigs held across the Welsh market town. Weekend "stroller" tickets let you wander from hotel bar to outdoor bandstand although individual concert tickets for the main events are also available.

North of the border, Glasgow (July 1-11) and Edinburgh (Aug 7-14) continue to vie with one another - this year to produce the most in mainstream jazz. The *Glasgow International Jazz Festival* (Tel: 041 227 5511) balances Oscar Peterson, Nina Simone, BB King and Tony Bennett with the more exotic sounds of Don Pullen's Afro-Brazilian Connection, the Art Ensemble of Chicago and Hermeto Pascoal. The *Edinburgh International Jazz Festival* has clarinetist Bob Wilber leading a tribute to Benny Goodman, Acker Bilk teaming up with Humphrey Lyttelton and Leon Redbone lying back with a five piece band.

For its 27th outing, the *Montreux Jazz Festival* (Tel: 41 21 963 8262) has moved from the foreshore of Lake Geneva and the crumpling confines of the town's Casino to the shiny new Stravinsky Auditorium. The move could render the festival (July 2-17) more anodyne than usual with its glittering parade of the great and good but the fringe sessions at the New Q's club and the likes of Ray Brown Trio plus James Morrison, Elvin Jones and Michel Petrucciani look good.

In the main hall this year *animatour* Quincy Jones oversees a fortnight of showcasing from the *Trieste to Duke Ellington, Vice la France to The Atlantic Living Legends*.

Montreux' rivial show, the *JVC Grande Parade du Jazz* (July 13-24), also uses the biggest names to draw and this year's *parade* is intoxicating. Lionel Hampton, Pat Metheny, Joe Henderson, Illinois Jacquet and George Benson feature among crossover types such as Manhattan Transfer and Mana Dibango. (Tel: from June 14, 33 93 71 85 60)

It might sound greyer than Nice (and is probably less clement) but

the Hague's *North Sea Jazz Festival* (July 9-11) is as spectacular in its programming, possibly better for its fringe events and is under cover. Its "trumpets for Dizzy" features Roy Hargrove and Jon Faddis with an all-star band; the "saxophonists series" has Joe Henderson, Stanley Turrentine and Jackie MacLean alongside the younger Joe Lovano and Kenny Garrett, for example; pianists include Oscar Peterson, Ahmad Jamal, Horace Silver, Herbie Hancock and Chick Corea. The programme even has a "Gigs for Kids" section. (Tel: 31 70 354 2550).

Big is not always best and the greatest little jazz festival is the *Festival de Jazz Django Reinhardt* (Tel: 33 1 64 24 60 01). Held on an island in the Seine four kilometres from Fontainebleau on the weekend of 25 June, the gathering of Romany clans this year features the gypsy guitars of Bireli Lagrene and Babik Reinhardt alongside the virtuous skills of Grappelli sideman Martin Taylor and American Jim Hall.

Garry Booth



Rita Lee: watch out for Brazilian night in Montreux on July 3

Adventurous opera, classical dance

FELDKIRCH

June 16 - July 3
Schubertiade, Feldkirch, Schubertplatz 1, Postfach 625, A-6803 Feldkirch, Austria. Tel: 05522-38001. Fax: 05522-38005

Now transposed permanently from Hohenems to nearby Feldkirch this rarefied Schubert festival is mourning the recent retirement of Dietrich Fischer-Dieskau. But this year's programme still offers ample goodies. András Schiff gives two recitals and accompanies Peter Schreier in a selection of Goethe's settings. Schreier also conducts concert performances of uncompleted Schubert operas. Tokyo String Quartet gives a complete cycle of Beethoven quartets. Recitalists include Christa Ludwig, Brigitte Fassbaender, Boje Skovhus, Robert Holl, Anatol Ugorski and Cyriak Katsaris. HOLLAND

June 1 - 30
Holland Festival, Kleine-Gartmannsplantsoen 21, NL-1017 RP Amsterdam. Tel: 020-627-5556

Adventurous opera choice forms the core of this year's Holland programme. Ton de Leeuw's *Antigone* (world premiere); Steve Reich's music-theatre piece *The Coxie* (local premiere); new Netherlands Opera staging of *Pelléas et Mélisande* by Peter Sellars, conducted by Simon Rattle; and concert performances of *Les Troyens* (conductor: Edo de Waart) and *Le nozze di Figaro* (conductor: John Eliot Gardiner) make up the shortlist of attractions, along with a conspectus of the works of Henryk Górecki, the classical world's flavour-of-the-year.

Dance: There is a season by the Belgian choreographer Anna Teresa de Keersmaeker at Seurs van Berlage, between June 10 and June 27, and there are also performances scheduled by Nederlands Dans Theater on June 2, 3 and 4 with a new work by Jiri Kylian; and by the Dutch National Ballet on June 17, 18, 21, 22 and 24 at the Muziektheater with a new piece commissioned from Larrie Booth.

KUHMO CHAMBER MUSIC FESTIVAL

July 16 - August 1
Information from Kuhmo, Tel: 010-358-86/520-936, fax: 0521-961-067, fax: 049-456

There is really nothing like the annual orgy of chamber music at Kuhmo. To this tiny Finnish town below the Arctic Circle and just west of the Russian border, distinguished and

newly acclaimed European and American ensembles and soloists come to provide some five concerts daily, besides giving master classes.

THE PROMS
July 16 - September 11
Promenade Concerts Ticket Shop, Royal Albert Hall, London SW7 2AP. Tel: 071-583-9988
No binding theme for the Proms in its 90th season, and no visit from Glyndebourne (closed for re-building); but otherwise the usual wide range of fare, imaginative distinction of performer choice, enticing premieres and rediscoveries and jolly popular celebrations. As ever the BBC Symphony Orchestra takes the lion's share of concerts - such as the opening-evening account of Strauss's opera *Elektra*, conducted by Andrew Davis. This year's foreign-orchestra visitors include the Austro-Hungarian Haydn Orchestra, European Community and Gustav Mahler Youth Orchestras (under Kurt Sanderling and Claudio Abbado respectively); the Leipzig Gewandhaus under Mäuer and Oslo Philharmonic under Janssons. Among the out-of-the-ordinary events are the late-evening visit from the Wynton Marsalis Band and the midday concert of Henze's Requiem (UK premiere); other new works can be expected from John Buller, Thomas Wilson and Nicholas Sackman.

LUZERN

August 14 - September 8
Internationales Musikfestwochen Luzern, Hirschgärtnerstrasse 13, Postfach, CH-6002 Lucerne, Switzerland. Tel: 011-335273
This year's programme focuses on anniversary celebrations of Tchaikovsky and Rakhmaninov, with Alfred Schnittke as the festival's first-ever composer in residence. Visitors from Russia include the Bolshoi Opera Orchestra and Chorus, the St Petersburg Capella Choir and Orchestra and the Russian National Orchestra. There will be a Rakhmaninov piano marathon with Barry Douglas and others, the world premiere of a new work by Edison Denisov and a Schmitte ballet programme. Visiting orchestras include the Berlin, Vienna and Oslo Philharmonics, and the line-up of artists ranges from Jessye Norman and Yuri Bashmet to Abbado, Barenboim, Järvi and Sawallisch.

MONTPELLIER

July 13 - August 6
Le Coeur du Théâtre, France. Tel: 04-4250 5115. Fax: 16-4250 4889
The castle grounds of La Roque d'Anthéron, equidistant from Avignon and Marseille, are the peaceful setting for a piano festival which has been gathering international renown since it was founded eight years ago. Among this year's 33 concerts are programmes celebrating anniversaries of Grieg, Tchaikovsky and Rakhmaninov, a cycle of Schubert sonatas on a modern concert grand and on piano-forte; a Debussy series using instruments of the period; plus introductions to Medtner and Corigliano. The line-up of artists includes Christian Zacharias.

L'OPERA D'ANTHERON

July 31 - August 22
Festival de Piano, Château de Flora, 12640 La Roque d'Anthéron, France. Tel: 04-4250 5115. Fax: 16-4250 4889

The castle grounds of La Roque d'Anthéron, equidistant from Avignon and Marseille, are the peaceful setting for a piano festival which has been gathering international renown since it was founded eight years ago. Among this year's 33 concerts are programmes celebrating anniversaries of Grieg, Tchaikovsky and Rakhmaninov, a cycle of Schubert sonatas on a modern concert grand and on piano-forte; a Debussy series using instruments of the period; plus introductions to Medtner and Corigliano. The line-up of artists includes Christian Zacharias.

MONTELLIER DANSE 93

June 22 - July 6
Festival International Montpellier Danse, Hotel d'Asses, 6 rue Vieille Aiguillerie, 34000 Montpellier. Box office: 67-60-83-66. Info: 67-60-83-66. Fax: 67-60-83-66

There will be a certain amount of French new dance at Montpellier 93, but of more general interest are the performance of

Montpellier Danse 93

July 23 - August 31
Salzburg, PO Box 140. Tel: 061-865-8042
The renewal of Salzburg as a place of festival excitement continues under Gérard Mortier's inventive direction.

A Shakespeare staging of

extraordinary interest can be

expected from Deborah Warner

and Nikolai Demidenko, Maria Joao Pires, Moura Lympany, Michel Dalberto, Stephen Hough and the Novoborsk Philharmonic Orchestra from Siberia.

LONDON, THE PROMS

July 16 - September 11
Promenade Concerts Ticket Shop, Royal Albert Hall, London SW7 2AP. Tel: 071-583-9988
No binding theme for the Proms in its 90th season, and no visit from Glyndebourne (closed for re-building); but otherwise the usual wide range of fare, imaginative distinction of performer choice, enticing premieres and rediscoveries and jolly popular celebrations.

AS AUGUST 29 - SEPTEMBER 24
Festival de Musique Montreux-Vevey, Rue du Théâtre, Case postale 162, CH-1820 Montreux, Switzerland. Tel: 011-663-5450. Fax: 21-663-2506
The festival can finally boast a purpose-built concert hall - the newly-opened Auditorium Stravinsky on the shore of Lake Geneva. Montreux has never prided itself on thematic content, but this year includes a series devoted to French chamber music, including rare works by Reynaldo Hahn, Vincent d'Indy and Charles-Valentin Alkan. The line-up of artists includes Alicia de Larrocha, Teresa Berganza, Barbara Hendricks, Pinhas Zukerman, and the Royal Concertgebouw and St Petersberg Philharmonic Orchestras.

NEW YORK CITY BALLET

July 2 - August 28
PO Box 2408 Santa Fe, New Mexico 87504. Tel: 0101-505-982-3855
This year's productions are a diverse, attractive mixture: *La Bohème* (with Cynthia Hayman); *The Magic Flute*; *Händel's Xerxes* (in English, with Frederick von Stade and Dawn Upshaw); Strauss's *Capriccio* (with Sheri Greenawald) and a double bill of Kurt Weill rarities - *Der Protagonist* and *Der Zar lässt sich photographieren*. And the pleasures of the place itself never pall.

SCHLESWIG-HOLSTEIN

July 9 - August 31
Until June 14: Tanglewood Ticket Office, Symphony Hall, Boston, MA 02115. After June 14: Tanglewood Ticket Office, Tanglewood, Lenox, MA 01240. Tel: 417-631-3000
Like a musical mosaic, this festival spreads out from Hamburg, Lübeck and Kiel to some of the most attractive towns in northern Germany, in venues which give a more local atmosphere than most. There is a strong Polish influence this year, with three Polish orchestras touring the region and performances of Szymanowski, Penderecki and several of their less familiar compatriots. The Festival Orchestra will give concerts on the Royal Ballet to Paris for the first time in 40 years. The company will appear at the Théâtre des Champs Élysées between June 15 and June 27 with five programmes, which include *Mayering, Swan Lake* and *Ballet Imperial*, *The Judas Tree*, *Still Life at the Penguin Café*, *A Month in the Country*, *Gloria*.

PARIS

Nouveau Festival International de Danse
June 15 - 27
15 Avenue Montaigne, 75008 Paris. Tel: (1)-49-52-50-50
The prestigious Nouveau Festival International de Danse de Paris has pulled off a coup by bringing our Royal Ballet to Paris for the first time in 40 years. The company will appear at the Théâtre des Champs Élysées between June 15 and June 27 with five programmes, which include *Mayering, Swan Lake* and *Ballet Imperial*, *The Judas Tree*, *Still Life at the Penguin Café*, *A Month in the Country*, *Gloria*.

ST LOUIS

May 21 - June 20
PO Box 19190, St Louis Missouri, 63116. Tel: 314-961-0171
Opera Theater of St Louis, one of the world's most pleasurable and also most adventurous opera houses, this year offers a world premiere - Carlson's *The Midnight Angel* - alongside Massenett's *Cendrillon*, *Don Giovanni*, and Britten's *Billy Budd* (in its rare original version). All are sung in English; theatre conditions are intimate; and picnicking on the lawns of the Loretto-Hilton Center helps create the amiable atmosphere.

SALZBURG

July 23 - August 31
Strasbourg, 24 rue de la Mésange, 67081 Strasbourg Cedex, France. Tel: 8832-4310. Fax: 8832-4226
Despite its attractive setting on the Rhine and its proximity to

(*Coriolanus*, European debut), alongside the revival of Peter Stein's *Julius Caesar*. This year's new opera productions are *Costi fan tutte* (with Cecilia Bartoli and Jennifer Larmore), *Lucio Silla* (with Ann Murray and Luba Organosova), and Monteverdi's *Poppea* (with Sylvia McNair and Philip Langridge) and *Orfeo* revivals include *Salmone* and *Faustina*; and there are concert performances of Dallapiccola's *Ulisse* and Nono's *Prometeo*. Concerts of contemporary music may have been increased, but the *zuus* elements of Salzburg - the parade of top-class international orchestras, conductors, soloists and recitalists - have by no means been eradicated. A notable occasion will be the farewell concert of Christa Ludwig, one of the best-loved of Salzburg veterans.

SANTA FE

July 2 - August 28
PO Box 2408 Santa Fe, New Mexico 87504. Tel: 0101-505-982-3855
This year's productions are a diverse, attractive mixture: *La Bohème* (with Cynthia Hayman); *The Magic Flute*; *Händel's Xerxes* (in English, with Frederick von Stade and Dawn Upshaw); Strauss's *Capriccio* (with Sheri Greenawald) and a double bill of Kurt Weill rarities - *Der Protagonist* and *Der Zar lässt sich photographieren*. And the pleasures of the place itself never pall.

WARSZAWA

September 17 - 25
Warsaw Autumn, Rynek Staro-Miasta 27, 00272 Warsaw. Tel/Fax: 02-553-52-224
A classic Wexford trio of unjustly neglected or forgotten operas this year: Tchaikovskiy's *Chervichki* (*The Thieving Magistrate*); Paisiello's *Barber of Seville*; and Zampa, Hérold's once-popular 19th-century *opéra-comique*. A typically full concert schedule gives prominence to Wexford's young singers.

the Alsation countryside, Strasbourg has never really capitalised on its potential as a festival centre. But this year's programme offers some worthwhile events, including a series of concerts by the Klev Opera Orchestra and staged productions of Nabucco and Così fan tutte. There are also concerts conducted by Pierre Boulez and Michael Gielen.

TANGLEWOOD

July 9 - August 31
Until June 14: Tanglewood Ticket Office, Symphony Hall, Boston, MA 02115. After June 14: Tanglewood Ticket Office, Tanglewood, Lenox, MA 01240. Tel: 417-631-3000
For more than 50 years, the Boston Symphony Orchestra's summer home has provided a relaxed setting for concerts in the heart of the Massachusetts countryside. The Tchaikovsky and Rakhmaninov anniversaries provide the connecting thread of this year's programme, with a roster of artists including Evgeny Kissin, Yuri Bashmet, Galina Gorchakov, and Sergei Leiferkin. Seiji Ozawa conducts a Bernstein memorial concert and a new work by Alexander Goehr. Roger Norrington conducts two concerts. John Eliot Gardiner makes his Tanglewood debut and William Christie directs Les Arts Florissants in Purcell and Charpentier.

TEGERNSEE

July 3 - 14
Internationales Oleg-Kagan-Musikfest am Tegernsee, Kurverwaltung Kreuth, Nördliche Haupstrasse 3, D-8185 Kreuth, Germany. Tel: 0802-1519. Fax: 3020-1833
The picturesque setting of Kreuth, a former court spa at the foot of the Bavarian Alps, makes this one of Europe's most peaceful and intimate festi-

vales. It was founded four years ago by the late Russian violinist Oleg Kagan and his cellist wife Natalia Gutman, and is notable for attracting high-powered Russian virtuosos, some of them little-known in the West.

WEXFORD

October 14 - 31
Theatre Royal, High Street, Wexford, Ireland. Tel: 02853-52-224
A classic Wexford trio of unjustly neglected or forgotten operas this year: Tchaikovskiy's *Chervichki* (*The Thieving Magistrate*); Paisiello's *Barber of Seville*; and Zampa, Hérold's once-popular 19th-century *opéra-comique*. A typically full concert schedule gives prominence to Wexford's young singers.

CELESTIAL CLOUDS
London Festival 1993

celebrating the City's most visible assets ...

ARTS

Eccentric's collection goes on the road

THE Barnes Foundation situated in Merion, a smart suburb of Philadelphia, is notoriously inaccessible, often dubbed "the greatest museum you never heard of". Now it is closing down for two years and, in an unprecedented world tour, has sent 90 or so of its paintings to Washington, going on from there to Paris, Tokyo and two further unconfirmed venues.

The exhibition, *Great French Paintings From The Barnes Collection*, includes such masterpieces as Seurat's "Poseuses", Matisse's "Bonheur de Vivre" and Van Gogh's "Joseph-Etienne Roulin". Sixteen glorious Renoirs, 20 Cézannes, 15 Matisses and nine Picassos will be exposed to mass public scrutiny for the very first time.

The tour, expected to raise \$15m, \$7m of which to restore the Foundation's buildings and the rest to boost the existing \$9.5m endowment fund, has whipped up a storm of controversy. Many people question the conservation issues involved and the ethics of overturning the will of the eccentric founder, Dr Albert Barnes.

In a typically American "rags to riches" story, Barnes, the son of a Philadelphian butcher, made his fortune through the discovery of a patented antiseptic, and acquired an art collection. Not for him the pursuit of famous Old Masters to aggrandise his social status. Instead he scoured the Parisian dealers and studios for modern art, purchasing 171 Renoirs, 57 Cézannes 54 Matisses and 19 Picassos and "discovered" Souvenir who, with Modigliani and other School of Paris painters, he introduced to the US.

Barnes decided to turn his collection into a personal "educational experiment under the principles of modern psychology as applied to education." The Barnes Foundation was created in 1922; it was never conceived as a public gallery but as a place for the education

of "plain people who gain their livelihood from daily toil". Barnes's own factory workers were subjected to the experiment with two hour breaks put aside for aesthetic instruction.

The display of the galleries was never to be altered from Barnes's idiosyncratic hang which ignored art historical schools. Paintings by Picasso and Modigliani are juxtaposed with second rate old masters, African masks, Greek sculpture and New Mexico folk art.

There are no labels or explanations. To complete his experiment, Barnes introduced a collection of metalwork, candlesticks and tea pots sit in front of paintings by Matisse and Picasso and weather vanes binges and keyholes punctuate the walls at regular intervals along with brightly coloured American Folk art, pottery, painted chests and furniture and Navajo rugs.

Barnes had broken down the established perimeters surrounding art history, but the effect is so bizarre one senses a wicked sense of humour below

Elspeth Moncrieff takes up the story of the philanthropist Albert Barnes's Foundation now that Richard Glanton has taken over

the apparent seriousness. King in his little kingdom, he delighted in turning away such luminaries as Le Corbusier, T.S. Eliot or millionaire collector Walter Chrysler. None of the works were ever to be lent or reproduced in colour - the exhibition catalogue is the first of its kind - and social activities, with their associated preening and posturing, were not permitted inside the galleries. A decade after Barnes's death in 1951, after his tax exempt status had been challenged, the Foundation was forced to admit the public two and a half days a week. Otherwise it remained frozen in time.

a 46 year old ambitious African-American attorney who has no artistic or museum qualifications. He decided that the building was in need of an urgent conservation and security upgrade and proposed selling \$15 million of paintings to finance the operation.

A storm of protest shook America and Glanton quickly changed his tactics. He enlisted Walter Annenberg, the Philadelphia publishing billionnaire and art collector on his side, which silenced all museum opposition. Annenberg, one of the most generous patrons of American Museums, was at the time courting four leading institutions who all

hoped to receive his magnificent collection of Impressionists. In the event he left it to the Metropolitan in New York. Glanton explained that the idea for the tour and accompanying catalogue came from Annenberg.

Suddenly Museum directors throughout the world were eating out of his hand at the thought of the prestige and ticket revenues this remarkable and unknown collection would bring. Paris has agreed to a loan fee of \$2.5m, Tokyo \$4.5m and the Royal Academy tried desperately to secure the exhibition for London, but failed, unable to raise the necessary sponsorship.

The contract to publish the catalogue has been awarded to Alfred A Knopf, and a licensing agent has been hired to release a flood of Barnes memorabilia, reproductions of 16 of the paintings will cost \$800 each. Glanton estimates the potential revenue at about \$15 million.

Glanton's critics, led by the students of the foundation, claim he is destroying its very essence. By seeking a court injunction to overturn the founders will and tour and publish the collection he has violated a basic moral trust. Glanton counters their claims with equanimity, he wants only to bring the foundation

securely into the 21st century. In the future he hopes to turn the Barnes into "a full educational institution, running accredited courses with two chaired professors endowed from Princeton and the University of Pennsylvania."

One of Glanton's most outspoken critics is the New York dealer Richard Feigen, who was formerly a Lincoln board member and on the Barnes Foundation's Art Advisory Committee. He questions the whole *raison d'être* of the tour and the wisdom of subjecting masterpieces of this size and quality to such hazardous exposure. Prior to Glanton's appointment he had undertaken detailed surveys into the condition of a Washington or Paris show, seen thus they will have little to do with the spirit of Albert Barnes. The selection has focused on the most popular aspects of the collection virtually ignoring Soutine and the school of Paris and all the applied arts so dear to Barnes. To understand one of this century's true eccentrics there is no substitute for the pilgrimage to Merion to see the Picasso hanging next to the pitchfork on the old burlap covered walls.

Great French paintings from the Barnes collection, National Gallery of Art, Washington until August 15; Musée d'Orsay, Paris, September 6-January 2 1994; National Museum of Western Art, Tokyo, January 21-April 3, 1994. Other dates and venues to be determined.

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What ever the tour's detractors claim, this is an exhibition the crowds will flock to. But although the paintings may look their very best in the high-tech conditions of a Washington or Paris show, seen thus they will have little to do with the spirit of Albert Barnes. The selection has focused on the most popular aspects of the collection virtually ignoring Soutine and the school of Paris and all the applied arts so dear to Barnes. To understand one of this century's true eccentrics there is no substitute for the pilgrimage to Merion to see the Picasso hanging next to the pitchfork on the old burlap covered walls.

Glanton admits that the paintings are "in pristine condition and have not as yet

been damaged." However, "the building is a long term hazard and if they continue in poor environmental conditions there will be serious consequences."

In the future he hopes to turn the Barnes into "a full educational institution, running accredited courses with two chaired professors endowed from Princeton and the University of Pennsylvania."

The Carré covers every artistic specialty from Chinese porcelain to Old Master paintings and over recent years the open house events held in May (deals put on special displays and stay open longer hours) have been as depressed as the art market itself. This year a number of galleries spared themselves the expense of joining in while others complained that too many collectors, frightened by low prices, were unwilling to part with

their belongings. But the area, as well as being delightful to visit - it contains some of the most handsome town houses and courtyards in Paris - has an abundance of exceptional objects this year. Dealers report that high quality art is selling and trade in lower priced items is better than it has been for several years.

Pierre and Dominique Chavallier of France's leading tapestry dealers, Galerie Chevallier on the Quai Voltaire are displaying a small and beautifully fresh 16th century tapestry of the Virgin of the Rosary, made in the Catholic area around Lutetia. It sold immediately on Tuesday evening.

Pierre Chavallier said the market seemed to be shaking itself out of the slump but that collectors pushed hard bargains. Proving his confidence in the Paris market, Frankfurt furniture dealer Thomas Poller has gone into association with the Chevalliers and become the only specialist in a city in Biedermeier. Nearby, medieval art dealers Bressel are showing a very rare 1490 wood sculpture of the Annunciation by Maastricht artist Jan van Steffesweert for around Fr500,000. The Virgin sits in a garden symbolic of maidenhood with a unicorn near the Archangel Gabriel, dressed like a hunter, knocks at the door.

In a different vein Lorraine Norre at 6, rue de Beaune has a carved Russian chair of the Talachkine school in the line of the English "arts and crafts" style, similar to two others in the Musée d'Orsay. Porcelain expert Hélène Fourrier, at 25 rue des Saints Peres, is showing 18th century earthenware terrines resembling cabbages and melons while Jean-Pierre Gros, just down the street, has three Beauvais tapestries of 1680 in exceptional condition depicting Louis XVI in front of his Royal residences.

Next door to the Carré, which continues tomorrow (Sunday) the 50 dealers in contemporary and African art of the Saint-Germain district are also staging an open house event this weekend. Before the market slumped in 1990, high prices were squeezing work by young artists out of galleries and intimidating many visitors from going inside. Nowadays more galleries are investing in lesser known talent at reasonable prices.

That change is immediately obvious in Saint Germain, which has chosen an Italian theme this year. Some galleries are still showing sure-fire classics. The Galerie Krief at 50 rue Mazarine has minutely drawn semi-abstract compositions in enamel on aluminium by Roman artist Gianfranco Baruchello. Galerie Di Meo is exhibiting mixed media on cardboard works by Pierre Pizzetti Cannella, member of the circle of young Roman painters; and Galerie Prote at 38 rue de Seine is staging the first ever one-man show in France devoted to the Italian artist Borgoni.

Next Sunday, which in 1988 was followed by a "teach-in" that liberals thought prompted the end of theatre censorship, though it was mostly about John Calder's *Defence of Literature*, stimulated by *Last Exit to Brooklyn*.

The theme of Radio 4's Monday Play, *Grandma and Ms Chatterjee* by Kitty Fitzgerald, was bizarre enough for 1988, but it deals with working-class people of our own day. Hospital-bound Kathleen Riley (Liz Kelly) and her fellow seafarer Mira Chatterjee (Leena Dhingra) can induce radio sets to emit the voice of their Goddess (Julie Christie). She preaches atheism and feminism, emphasising sex; she sneers at the Bible and condemns the many deaths in the pursuit of Christianity. This distresses their everyday relatives, taints the relationship of engaged granddaughter Brenda and her devout Philip, even leads to police activity. We are not expected to believe it, I hope, but at least we may conclude that the Goddess's principles are for the general good. Kate Rowland directed.

The 1988 theme was also shown in some half-hour messages. First, the message of Timothy Leary, *Turn On, Tune In, Drop Out*, mostly a boost for LSD, which William Burroughs approved, Alan Ginsberg did not, and in England - those were the days! - was used mostly by the middle-class at Oxford and Cambridge. *Om* dealt with "transcendental meditation". Ginsberg was there too, but the best-known practitioners were the Beatles, with Ravi Shankar and the Maharishi. I ignored further messages, and Radio 2's *Turning In*, a new series for Tuesdays, is more about the radio than other narcotics, in the 1950s yet.

I meant not to write more about 1988, but I cannot miss Edward Bond's *Early Morning*. It is a series of parodies of

months of his visit; but he was given sheep's milk yoghurt by a herdsman who had 100 sheep and eight children and thought everything was fine. He described the myriad new markets stalls in Parliament Square in Bishkek (probably Fronze on your map). President Akayev was quoted as saying that "the market was favourable for foreign investment", and indeed the Italians were involved in the silk mill near Ozh, on the old Silk Road. Pilkinson seemed never to have had trouble finding English-speakers - evidently he has some Russian even if not Kirghiz or Uzbek.

Most of his talk was about his walking exploits, and very impressive these were. The producer was John Watkins.

John Spurling's *Gumaro*, the second Sunday play in Radio 3's 1988 season was actually in the National's 1989 Workshop. I wrote then that it was "as trenchant as it is comic", and I stick by that, though I have to say that this production under Jeremy Howe is not quite as comic as that of 1989 under Frank Dillop. It is a series of parodies of

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ARTS

NEARLY TWO weeks after its opening at the Walter Kerr Theatre, *Angels in America: Millennium Approaches* has every look of a Broadway hit. The first part of Tony Kushner's freewheeling seven-hour-long play about gay life, AIDS, Reagan-era politics, Mormonism, and Roy Cohn (the second half, *Perezhika*, is scheduled to open in the autumn and to run in repertory with *Millennium*) opened with over \$1 million in advance ticket sales - a very high figure for a non-musical. The production was dogged with technical problems in the final weeks before it opened, but Kushner's being awarded the 1993 Pulitzer Prize for Drama for *Millennium* on the day of its first preview surely boosted company morale.

The reviews were excellent, and, most importantly for business, the New York Times' Frank Rich, who reviewed the play favourably in its two previous major productions at London's Royal National Theatre in early 1992 and at the Mark Taper Forum in Los Angeles last November, gave it a rave. This week *Millennium* was nominated for nine Tony (Broadway theatre) awards, more than any other play in Tony history, including nominations for best play and best director, George C. Wolfe.

This strong reception, fed by and fueling the kind of hype that only American popular culture can provide, and little competition in an otherwise bleak Broadway season, has made *Millennium* essential viewing for New Yorkers.

"I never thought I would write anything that would go to Broadway," Kushner said this week. "and it was never terribly important to me to do so. But when the opportunity presented itself to take *Angels* to Broadway, I wondered if I'd ever get another chance."

The playwright, who is 34, was talking about the decision he faced late last year after *Angels'* Los Angeles opening. This production was originally slated to transfer intact from the Mark Taper Forum to the Public Theatre, the flagship house of the not-for-profit New York Shakespeare Festival, and then perhaps, move on to Broadway. Critical reaction in Los Angeles - ecstatic about the play (though most suggested that *Perezhika* wanted rewriting), but not about Oskar Eustis' production - meant that whatever its course, *Angels* would have a new director and design team.

Kushner returned to New York to find the power brokers of commercial theatre falling over themselves to produce his play on Broadway. But it was important to him that the play be accessible to the gay and downtown theatre communities that had nurtured him, and several advisers urged him to stick with his original plan, to work out *Perezhika*'s kinks and to gain momentum downtown. But the play's technical



Ellen McLaughlin (as the Angel) and Stephen Spinella

'Angels' on Broadway

Karen Fricker talks to Tony Kushner about his play

challenges could better be answered on a Broadway stage and with a Broadway budget than at the Public, and the wider audience that Kushner could reach on Broadway beckoned. The earliest any production could open would be May, so that a transfer up town from the Public could not happen until early summer, missing this year's Tony Award deadline: box office suicide.

In the current glow of his success, what Kushner decided looks like the obvious choice, but at the time it was an act of chutzpah, inviting hubris. Many of the play's defining characteristics - it is long political, about serious subjects, and loved by the intelligentsia - are thought to be commercial audience repellents.

"I thought it would be fun," says Kushner, "to take a risk." He accepted the Juujamay Organization's offer of its Walter Kerr Theatre, a relatively intimate space that he felt best suited the play. It was soon announced that Wolfe, the young African-American theatrical *couteur* who wrote and directed last year's Broadway musical hit *Jelly's Last Jam*, would direct. And New York has not stopped hearing about the play since.

That his risk paid off is due, at least in part, Kushner thinks, to recent changes in America's social and political

climate. "We are in the middle of an historic transformation for gays and lesbians in this country. People are seeing *Angels* on Broadway as a harbinger of that, or, as a symptom of it, if it's something they don't approve of."

Though *Angels* opened big, it still faces its greatest challenge: staying big. When the rush of ticket sales after the Tony Awards (which it is bound to sweep) has died down, will *Angels* be a success with tourist audiences and theatre parties?

"The biggest gratification right now is that we've done something that defies the conventional wisdom that big, daring political plays can't play on Broadway," says Gordon Davidson, the artistic director of the Mark Taper Forum/Center Theatre Group, which produced *Angels*. "It's a success because it's a success with gay and lesbian audiences and theatre parties."

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A finely tuned 'Wozzeck'

Max Loppert admires Opera North's first production of Berg's masterpiece

THE LAST new production of the 1992-93 Opera North season at Leeds is also the last under the departing general administrator, Nicholas Payne. The work is Berg's *Wozzeck*, of which Payne writes feelingly in the programme - "I suppose that I love *Wozzeck* as much as any opera" - and of which, happily but by no means fortuitously, his company now offers an outstanding presentation.

It bears, indeed, the marks of a performance put together with loving care: meticulously prepared orchestral and choral contributions, a production finely attuned to the spirit of the opera and finely tuned by almost all its participants. The results, as shown on Thursday, reveal qualities of the highest appropriateness to Berg's opera - theatrical immediacy born of economical, forceful statement, musical and dramatic; emotional power searing without the faintest trace of melodramatic excess or self-consciousness; a fierce, uninflated truthfulness of characterization.

The show possesses above all the rare merit of allowing the music to dominate the experience, of baring to the audience Berg's unequalled combination of intricate workmanship and animal directness of expression, while at the same time never neglecting the revolutionary inventiveness of his total theatrical vision, his foreshortening of emotional time and space. Done this way, in a small, intimate theatre, and in English - a new translation by Richard Stokes, convincingly colloquial if also at times bluntly worded - Opera North's *Wozzeck* proves one of the most completely absorbing and compelling I have heard and seen.

Much advance publicity was generated by the operatic debut of Deborah Warner, the celebrated theatre director. For a change the ballyhoo was justified. The naked intensity, austere arresting control of stage space and tautly overarching line of thought which rendered, say, the Warner Electric at the London Riverside Studios such a shattering experience have been re-invented in



Sam Townsend, Vivien Tierney and Andrew Shore in Deborah Warner's fine operatic directing debut

the operatic medium with no evident loss or dilution.

Flat-planed designs by Hildegard Bechtler, hard yet luminous, characteristically atmospheric in their painterly manipulation of colour, allow Berg's pattern of scenes and interlude to form and dissolve with unshowy deftness - the swish of a diaphanous black front curtain, the sideways slide of panels and bleak props, and the "psychological" lighting of Jean Kalman are all functional and at the same time crucially poetic properties.

Apt tribute seems to be paid to the original 1925 Berlin *Wozzeck* designer, Caspar Neher (also Covent Garden's in 1952). Jeffrey Lawton's rubicund, self-satisfied windbag of a Captain and Alan Woodrow's small, musclebound Drum Major stand no less proud at the head of a cast almost all

musically strong and untainted by exaggeration or cartoon grotesquerie. Violence, when it comes, is horribly well-plotted (Marie's blood streaks the floor); Mark Curtis's Idiot haunts the proceedings like a blood relation of Pierrot Lumière.

Vivian Tierney, a Marie of

quite wonderfully unaffected pathos, unadorned physicality and (except in the highest notes) lyrical finesse of voice,

is perhaps its most immediately affecting exemplar; the shaking inner torment depicted in small, precise detail.

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"Viennese" elements in Berg's musical idioms, the portamento phrasing and sickly-sensuous waltz rhythms and drenched string textures underpinning Marie's Bible reading and the D-minor interlude.

That may come. Already Mr Daniel and his orchestra and chorus provide so assured a command of the score that the good fortune of Leeds audiences in having as their first *Wozzeck* this admirably rounded realisation is hardly to be believed.

The production is supported by Friends of Opera North; in repertory at the Grand, Leeds until May 21, then on tour in Manchester, Nottingham, Hull and Sheffield

Murder and verse

Malcolm Rutherford reviews T.S. Eliot in Stratford

THERE IS a lot of murder in Stratford this week: the murder of T.S. Eliot's marvelous verse. It is not just manslaughter. This is clearly a coldly, carefully premeditated act. Where Eliot wrote for a verse-speaking, fatalistic chorus, the women of Canterbury church, the women of Canterbury because it was necessary to choose between the powers of church and state.

On the other hand, there is a very understandable motive. *Murder in the Cathedral*, written in 1935, was Eliot's first play. In a memorable essay nearly 20 years later Eliot admitted that it had not solved the problem of reinventing verse drama. For *Murder* is more of a pageant and a ritual than a genuine play. It was designed for the Canterbury Festival and is still usually performed in a cathedral. The unmistakable echoes you hear in it are those of Eliot's poetry, the women are impotent to influence what goes on around them.

That is the scene which dominates Steven Pimlott's production.

The knights have a case which it would be artificial to put in verse. They are witnesses addressing a jury, not part of a pageant. Quite why they are dressed as parades of SAS commandos is another matter. Some of the lines are remarkably modern. For instance "Our king saw that the one thing needful was to restore order: to curb the excessive powers of local government, which were usually exercised for selfish and often for seditious ends."

Eliot emerges here as an effective writer of prose drama, catching precisely that different way some Englishmen have of taking to public speaking. They even have names like old Tory MPs, such as Reginald Fitz Urse. Guy Henry,

part is almost Shavian and involves the knights in a direct engagement with the audience, pleading their cause as plain, blunt Englishmen while the body of Becket lies bloody before them. They murdered the archbishop because, in the interests of efficient government, it was necessary to choose between the powers of church and state.

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The YMSO performance was not on the level of the Corigliano for unbent, spontaneous involvement, but it was as involving as many a professional encounter with this score. Blair obtained acute, sharp playing from his musicians. The Crouch End Festival Chorus was well rehearsed and there was a fine young quartet of soloists, especially Stephen Gadd, the firm and eloquent bass.

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RECORDS

Decadent opera comes good

David Murray reviews Decca's new series of 'Degenerate Music', or music banned by the Nazis

MANY people know the Nazis once staged a Munich exhibition of "Degenerate Art". *Entartete Kunst*, by way of pitying visual artists whose work they found offensive. The criteria stretched wide: artists and their works could qualify if they were any or all of (a) Jewish, (b) social-critical, (c) lurid in the eyes of decent folk, (d) abstractionist, or (e) sympathetic to Negroes.

There was also a little later - 1938, in Düsseldorf - a copycat exhibition of *Entartete Musik*, "Degenerate Music".

The criteria had to be judged a bit. For (d), read "atonalist", and for (e) "sympathetic to jazz"; but (b) could be detected only in libretti and song-texts, and any plausible equivalent for (c) would take in, embarrassingly, grand old Richard Strauss (*Salamon Elektral*) and even the one seriously composed with Nazi leanings, Hans Pfitzner. Thus the resultant exhibition was less effectively vicious than just confused and stupid. (When Bartók heard of the exhibition, he demanded that his music be included too.)

The criteria for Decca's new CD series of *Entartete Musik* are no less generous. Any composer whose work was arguably significant but has been neglected, and whose fortunes suffered somehow under the Third Reich, seems to qualify. And why not? - it makes a good enough excuse for a welcome venture. One way and another, the Nazis did manage to deny performances to composers they judged inimical to their ethos. Careers were stifled or truncated, or driven to uncertain continuations in foreign lands, and German music certainly lost by that. Schoenberg and Hindemith were grave losses; Schreker and Zemlinsky were ruined.

Decca has inaugurated its series, however, with two operas by utterly different composers. Erich Wolfgang Korngold (his middle name indicates the hopes vested in him by his music-critic father)

began as a brilliant but innately conservative *Wunderkind*, a pre-teen prodigy of competence in an early-middle-Strauss vein. Since Strauss himself had by then progressed to late-middle, it was unsurprising that even early-middle Korngold soon sounded passé, perfunctive though it was, and that from 1934 he should find a lucrative permanent niche as a Hollywood film-composer. It was almost beside the point that the Nazis condemned his 1927 opera *Das Wunder der Heliane* as "pornographic".

Yet it is a good, sour joke that what wrecked *Heliane's* prospects for continuing success was the outrageous campaign mounted by Korngold père - with epithets worthy of

The series has been inaugurated with two utterly different composers, Korngold and Krenek

Nazi denunciations - against Ernst Krenek's hugely successful opera of the same year, *Jonny spielt auf*. Krenek (who died a year and a half ago aged 90) was a musician whose acute intelligence left him exposed to the virtues of every new musical mode. Before *Jonny* he had investigated free atonality and then neo-classicism; soon after it, he espoused Schoenberg's dodecaphony for good. *Jonny*, however, was a free-wheeling affair, with jazzy borrowings which at once prompted the label "jazz opera".

It was no such thing, and in current lingo should count rather as "post-modernist". Not only does Krenek's score track insouciantly between different idioms - late-Romantic, light operetta, chromatic abrasiveness, Stravinskian chorales and "jazz", strictly associated with *Jonny*, the black American character - but the text (this own) plays off a soulful-artist's-crisis drama, as in Pfitzner or in Strauss's early *Güntram*, against amoral mod-

ern farce, the spectacular delights of new stage technology and the lusty allure of America.

On the Decca set (436 631-2, two CDs) Lothar Zagrosek and the Leipzig Gewandhausorchester capture its disparate verve elegantly, and with an unerringly chosen cast: Heinz Kruse as the sweetly self-absorbed composer, Alessandra Marc's sumptuous soprano for his erring diva, Kristian St. Hill (the particoloured young Swedish phenomenon) as the mischievous opportunist Jonny. Somehow there is a consistent Krenek voice through it all - and musically speaking, a fine variety of pace and tone, though recent stage revivals suggest that the story may be too slight for its playing-time.

At the Almeida last summer, the astringent wit of Krenek's little 1945 one-acter *What Price Confidence* was a delightful revelation; *Jonny*, though more expansive, has plenty of that too. Contrariwise *The Miracle of Heliane* (436 636-3, three CDs) strikes me as a gaudy monstrosity. The artless "mystery-play" that seized Korngold's cosseted imagination was vacuous, crypto-pornographic stuff, and he set it as an overcrowded sequence of overblown climaxes, replete with celestial celesta, harp, glockenspiel, piano and an overweening orchestra.

Devotees of that dated idiom may warm to the strenuous vocal flights, which sound sincere and even noble from the mouth of Anna Tomova-Sintow's Heliane, and fully committed from her co-principals John David de Haan (a liberating Dionysian stranger, as in Euripides' *Bacchae*) and Hartmut Welker as her grimly repressed royal husband. What the conductor John Mauceri draws from the Berlin Radio Symphony passes muster, though never on the Leipzig level.

Szamanowski's 1938 *King Roger*, too, features a Dionysian sphinx who triggers seismic upheavals in the hearts of a royal pair; but here the drawn-out, "untheatrical" music sustains an uncanny charge, hauntingly personal and original. There is a tantalising question about how far Szamanowski was aware of his homoerotic subtlety. The new Schwann album (314 014 K2, two CDs), passionately sung and conducted - by Robert Szamanowski with the forces of the Warsaw Teatr Wielki - sur-

passes the only previous version.

Finally: in the post-modernist stakes Schnittke's scabrous, grossly inventive comedy *Life with an Idiot* (Sony SSK 52 495, two CDs) is a front-runner - bravely unabashed cast, recorded during the Rotterdam premiere last year, with Rostropovich conducting and terrific sound-effects. It is nev-

ertheless so narrowly bound to its Ortonesque action that non-Russophones must either keep their eyes glued to the translation, or else let much of the music-drama pass by unheeded, tuning in only when it rises (as often it does) to a domineering pitch. Better, perhaps, to see the thing first (and blanch), and then use the recording to recall the effect.

The sonorous Jupiter of René Schirmer might with advantage have been placed further from the others - one does not feel he is singing *ex machina*. Sandrine Pissu does full justice to three of the demanding small roles with which stud the score. Mark Padmore likewise catches the attention in two more. Rameau's chorus writing is testing as well as brilliant. The ensembles here are sung

The sound of French Baroque

Ronald Crichton on a new 'Castor et Pollux' and a re-issued 'Faust'

WILLIAM Christie's recordings with his group Les Arts Florissants are as eagerly awaited as those of John Eliot Gardiner with his London forces. Both excel in bringing style, sympathy and vitality to the fascinating but not foolproof world of French Baroque theatre music.

Christie's new *Castor et Pollux* (HMC 9014553/37, 3 CDs) is well up to standard. Rameau's drama of the half-brothers (sons of Leda, but Pollux's father was divine Jupiter) and the Princess Télaire whom they both love is presented with clarity and tautness also with tenderness and relaxation when needed for the dazzling changes of mood and colour in Rameau's skilfully assembled and contrasted divertissements. The dialogues, in recitative with brief *airs*, are done with spirit and point - following them with the text (English translation provided) makes all the difference.

Re-issues on CD from the age of '78 continue to throw up treasure. Of major interest is the (almost) complete *Faust* made in Paris in 1930, conducted by Gounod's friend and pupil, Henri Büsser (re-mastered by Ward Marston for Pearl, GEMM CDS 9887, 2 CDs). The sound is elderly and uneven, but so clear is Büsser's exposition (this is the "old" *Faust* with recitatives) and so high the standard of singing that one soon forgets.

The Méphistophélès of Marcel Journet was famous. What a voice, even throughout the range, full of colour, zest and verbal inflections, with plebian mockery peeping out from beneath a "gentlemanly" exterior. The bronze-toned César Vezzani's *Faust* is more heroic than lyrical, a fine example of his kind. Mireille Berthon, a very experienced soprano, is equally apt to the girlish side of Marguerite, the roundness of the Jewel Song and the drama of the church and prison scenes. She lacked a strong vocal personality. Valentin is Louis Mussy, a sterling singer who no more shows the unpleasant side of the character than Vezzani suggests. Faust's studiousness, Journet apart, they do not "act with the voice", but lines are beautifully firm and words blessedly clear.

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Brüggen conducts with period passion

Max Loppert on new recordings of Bach and Haydn

Bach: St John Passion. Soloists, Netherlands Chamber Choir, Orch. of 18th Century/ Frans Brüggen. Philips 434 905-2 (two CDs)

Haydn: Symphonies nos 100 and 104. Orchestra of the 18th Century/Brüggen. Philips 434 906-2 (one CD)

Haydn: Symphonies, Vol. 2 - nos 3, 14, 15, 17, 19, 20, 25, 33, 36, 108. Academy of Ancient Music/Christopher Hogwood. L'Oiseau-Lyre 436 592-2 (three CDs)

Frans Brüggen's new *St John Passion* recording establishes a vital pulse almost with the first note, and maintains it unflinching to the last. In the sanctimonious, top-and-bottom-heavy oratorio-style performances of yore, there were features of Bach's ever astonishing masterpieces particularly in danger of being obliterated: highly charged atmosphere, impassioned urgency of story-telling, summing of elaborate form and intricate device into rapidly-unfolding dramatic action,

masterly placing of the oases of lyrical reflection. Here, all are cherished.

Textures are briskly clarified, rhythms and verbal accents sharply pointed. Lightness is always the aim. And yet, in contrast to other recent Bach-Passion recordings on "period" instruments and with small choral forces, the danger of miniaturising the music, of rendering it precious, denatured, detached from communal-celebratory context, is completely avoided. The degree of reverberance in the Philips recording - it was made in the Vredenburg at Utrecht - may come at first as a surprise; but, since this aids the Netherlands Chamber Choir in maintaining a presence at once thrustful and musically sentient, clear in contrapuntal divisions and firm in overall mass, the sound-picture counts as part of the performance's strong, distinctive character.

Unfortunately, the quality of solo singing undermines all. Nico van der Meel, an unaffectedly intense Evangelist, and Kristin Sigmundsson, a robust, touchingly simple Jesus, both

claim the recitatives with an apt sense of Brüggen's larger dramatic purposes.

In the arias, however, the modest apparatus and technical skills of almost all the chosen soloists apart from the tenor, Christopher Prégardien, seem rather more exposed than might have been the case in a less "organic" interpretation - as the alto's in the first solo voice to be heard, and the one with the weightiest moments of lyrical expression, James Bowman's frayed counter tenor and humpy line are here exposed to the point of unkindness. This, then, may not be a "complete" *St John Passion* - has there ever been one? - but it is nonetheless quite extraordinarily exciting, gripping and dramatic.

Brüggen's two previous Philips recordings of Haydn symphonies (nos 86 and 88; nos 101 and 103) have given me enormous pleasure. His third - a coupling of the "Military" and the "London", two of the most elating of all symphonic constructions - do no less. This is the work of an "interventionist". Haydn conductor, one who brings a peculiar combination of robustness and vivacity to "period" performance, most telling in matters of timing, attack and instrumental timbre. In the past I have occasionally found his enthusiasm for detail overdone (though always excusable); but

such they are always neatly and musically made, tasteful and style-conscious in "period"-instrumental balance and tempo variation; as a library-shelf item the set will undoubtedly justify its existence. But Haydn, even early Haydn, really wants, and would undoubtedly reward, a lot more in the way of commitment.

Philip's recordings of the "Military" and "London" are quite superb. His third, the "Military", is a tour de force of rhythmic invention and variety, and the "London" is a masterpiece of balance and proportion. The "Military" is a joy to listen to, and the "London" is a masterpiece of balance and proportion. The "Military" is a joy to listen to, and the "London" is a masterpiece of balance and proportion.

Take the Supremes. The first (non-hit) recordings are quite fascinating. They reveal a

group with no identity veering from style to style, awaiting the tambourine and chord-driven rhythms and coy come-hither vocal pose of "Where Did Our Love Go" and "Baby Love". The hits are fine, but the fillers are real fillers.

No one needs the Supremes' double CDs devoted to Marvin Gaye (590-181-2), *The Four Tops* (530 190-2), *The Temptations* (530 184-2), *Diana Ross & the Supremes* (530 196-2). All follow the same path: they include virtually all the hits, early recordings and fillers from

the Supremes' career, and confirms the view that Motown at its height was essentially a singles label, since the 40-plus sets have hits galore it is hard to complain too much.

Love may have been one of the seminal groups of the psychedelic era, but it certainly

recorded a few clinkers in its time. There is none, however, on *Comes in Colours* (Raven RVCD 29). Culled largely from their first three albums the 24 track CD neatly catches the mysterious romanticism, terse, edgy druggy rhythms, hippie philosophising and lush string-laden productions that is as awesome today as it was a quarter of a century ago. This is the perfect introduction to Love. Enjoy it and you'll be bound to want their classic album, *Forever Changes*.

Also from Raven is *Warm Evenings, Pale Mornings, Bottled Blues* (RVCD 24) which charts the erratic but historically hugely important career of Gram Parsons, the man who forcibly yoked country and rock together without losing the heart of either. *Warm E*

nings collects together his early recordings with the Shilohs and International Submarine band, classic tracks from his short stay with the Byrds, his seminal works with the Flying Burrito Bros and a fine selection of his solo recordings.

Not all the tracks are wholly satisfying but all are passionate,

from the melancholy of "Hickory Wind" to the surreal mystery of "The New Soft Shoe". What makes the album so satisfying is that all the stages of Parsons' career are covered (and from five different record companies, no less).

This is a true anthology.

"Satan is Real" sang the Lovin Brothers a decade or so before Parsons recorded the remarkably similar "Sin City".

Like Parsons, they dealt in unfashionable extremities - "Broadminded in spilt s.i.n.",

"When I stop breathing", that's when I'll stop loving you" they sang in fierce, delicate harmonies.

Capital Country Classics (EMI 7 89271 2) collects together their finest recordings of the 1950s. Though the brothers had few hits, their intense harmonies and direct

celebrations of the joys and sorrows of life were too old fashioned for the times, they were direct influences on the

Everly Brothers' "Love Hurts" and so entered the mainstream.

They deserve to be better known.

Weighing in at 3 CDs and including its fair share of unreleased tracks, *Watching The Dark* (Hannibal HNCD 5303) is big but essential. Its subject is Richard Thompson, who from the 1960s and Fairport Convention to the 1990s and a solo career that has won him cult

status, has sung and played about pain and trouble with an incisiveness only seen elsewhere in the work of Neil Young.

Touching on every stage of his recording career, *The Dark* reveals a powerful songwriter and performer

whose generally bitter view of life is relieved by a caustic wit and an enthralling guitar style.

Not for the wearers of rose-tinted spectacles.

All Simon, no rattle.

Loudspeakers are the weakest link in a hi-fi system. Because they are mechanical and not electronic, they have more distortion. The only certain way to minimise this is to invest in the best.

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The Weekend FT Record Page

appears on the second Saturday of each month and includes reviews from the FT's renowned team of music critics.

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Richard Thompson's 'Watching the Dark' reveals a powerful performer with a caustic wit

TELEVISION

BBC1

7.00 Colors. Pages. 7.25 News. 7.30 Phoenix. 7.50 The All New Popay Show. 8.10 The Gift From Tomorrow. 8.20 Porthos and Co. 8.30 Parallel 9. 10.30 Cartoon. 11.05 Film: Sherlock Holmes and the Baskerville Curse.

12.12 Weather.

12.15 FA Cup Final Grandstand. Introduced by Desmond Lynam from Wembley. The BBC can't get the most of its exclusive terrestrial rights to English soccer's showpiece, padding 90 minutes of action between three-and-a-half hours of guff which starts at 12.20 with Team News. 12.30 Final build-up. A look back at how Arsenal and Sheffield Wednesday reached this year's FA Cup Final. 1.00 News. 1.10 Gary Lineker: A report on the progress of the former England striker, staying in Japan. 1.15 Cup build-up. The teams inspect the pitch. 2.00 The F and A of the Cup Final: The eventual careers of Trevor Francis and Tony Adams. 2.20 Meet the Teams. 2.35 Pre-match build-up: The teams assemble on the pitch. 3.00 FA Cup Final: Live coverage of the match. Droopy Triple Bill. Cartoon.

5.25 News.

6.00 Regional News and Sport. Jim'll Fix It. A six-year-old Liverpool boy with learning difficulties receives dolphin therapy in Florida and a young girl from Ealing learns to show horses.

6.40 The Main Event. The Dennis family, helped by impersonators Mike O'Donnell, Vic Carty and George Marshall, takes on the aristocrats, aided by cooks Garry Rhodes, Cheryl Baker and Gym Christian.

7.30 Birds of a Feather. Sharon (Pauline Quirke) wants to use Darryl's vote in the Chegwell by-election.

8.00 Eurovision Song Contest 1993. Tony Wogan commentates on the 38th annual music event live from Maastricht in Co Cork, Ireland. Artists from 22 countries will be competing for the title, including those who will be performing the UK entry: Better the Devil You Know. Three hours of pure enjoyment.

11.00 News and Sport: Weather.

11.30 FA Cup Final Highlights. Arsenal v Sheffield Wednesday at Wembley.

12.30 Film: The Pit and the Pendulum. Roger Corman version of Poe's tale of terror. Vincent Price goes over the top as a 17th century nobleman who takes revenge when his unfaithful wife and her lover try to drive him mad. (1961).

1.50 Weather.

1.55 Close.

BBC2

6.40 Open University.

3.00 The Honeymoon, Laurel and Hardy star: Helpless convicts.

3.20 Film: A Man for All Seasons. Beware: this is the second film of Robert Bolt's play. Charlton Heston wanted the role of Thomas More in the 1966 version but Paul Scofield got the part. So he made his own version for TV and directs and stars. John Gielgud and Vanessa Redgrave are also in the cast. (TVM 1989).

3.45 Late Again. Highlights from this week's edition of Late Show.

6.35 Scrutiny. A report on the House of Commons Select Committee.

7.05 News and Sport: Weather.

7.30 Nut Points. The history of the Eurovision Song Contest from its inception in 1956 to the present day. With contributions from Bucks Fizz, John Peel and Michael Ball, and performances by Abba, Sandie Shaw and Cliff Richard. Shown previously on part of the TV Hall night.

8.00 Fight Again. New series. Novelist and award-winning columnist Roy Hattersley MP gives a personal and political account of Labour Party events, from his time in the Wilson and Callaghan governments up to the two election defeats under Neil Kinnock. In the first programme, he traces the development of his convictions, which began during his boyhood in Sheffield and reached fruition when he became a Cabinet minister under James Callaghan.

8.30 Have I Got News for You. More Roy Hattersley as he and actress Meera Syal join Ian Hislop and Paul Merton in a repeat showing of Friday night's broadcast of the news quiz.

9.00 The Second Helmet: A New Generation. Hermann takes a holiday job in Synt and Helga returns home. She is caught robbing in Munich. Edgar Reitz's epic drama majestically oral. Starring Natascha Staub and Henry Arnold. (English subtitles).

11.00 Film: The Drifters. Ridley Scott moved from directing advertisements to directing films with this compelling adaptation of a Conrad short story. Harvey Keitel and Keith Carradine are the rival Napoleonic officers who duel again and again. More beautiful than exciting. With Albert Finney and Edward Fox (1977).

12.45 Close.

SATURDAY

LWT

6.00 GMTV. 9.25 Game 5. 11.30 The ITV Chart Show. 12.30 pm Movies. Movies. Movies.

1.04 ITN News: Weather.

1.06 London Today; Weather.

1.10 Wanted Dead or Alive. Josh Randall is assigned to protect a man whose life is threatened by a group of escaped convicts.

1.40 Film: The Dambeusters. Rousing World War Two adventure, with Michael Redgrave as a scientist planning to blow up the Ruhr dams in Germany (1954).

3.55 WCW Worldwide Wrestling. Action from the canvas ring.

4.40 ITN News and Results: Weather.

5.00 London Today and Sport: Weather.

5.10 MacGyver. Searching the forest for a fallen satellite, MacGyver discovers the wildlife in the area has mysteriously died - leading to a showdown with the scientist responsible.

5.30 Film: Police Academy III: Back in Training. Formula comedy, starring Steve Guttenberg and Bubba Smith. The training school faces closure - until a secret recruit leaps into action (1986).

6.00 The Bill. Roach's chequered past catches up with him. Will Burnside comes to his rescue?

6.30 London's Burning. Josie risks her life to save an OAP who has fallen victim to a vicious arson attack. Meanwhile, Tate faces a disciplinary charge. Drama, starring Katherine Rogers and James Marcus.

6.30 The Big Fight - Liveli Chris Eubank v Ray Close. Eubank makes the seventh defence of his WBO super-middleweight title against Belfast's Ray Close.

10.15 ITN News: Weather.

10.30 London Weather.

10.35 Prime Homeless. Boxing melodrama, starring Michael Jai White as a down-on-his-luck fighter given one last chance to make the big time - even though it could endanger his life. Punch drunk (1989).

11.00 2PM Cinema.

1.40 The Big E.

2.40 Get Stuffed; ITN News Headlines.

3.45 Basketball.

3.45 New Music.

4.45 BPM: Night Shift.

CHANNEL 4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Wiz Kids. 12.15 pm Sign On: Passport without a Country. 12.45 Kasab.

1.15 The Bellas of New York. A Fred Astaire double bill starts with one of his lesser works. He stars as a playboy who falls for a young woman from the Salvation Army. Musical, with Vera Ellen and Marjorie Main (1952).

2.40 Film: Silk Stockings. Vintage Astaire: Musical adaptation of *Ninotchka*. A Russian composer agrees to write material for a Hollywood film. Starring Cyd Charisse, Peter Lorre and the songs of Cole Porter (1937).

4.50 Sumo. Silent film about sumo wrestling.

5.05 Broadsides.

5.10 Right to Reply. Sheena McDonald introduces reports and ideas about TV: News and Weather.

7.00 A Week in Politics. Vincent Harne looks at the week's political news.

8.00 Adventures. Part two. The conclusion of the eight-month expedition across the Antarctic, attempted by a determined team of international explorers who drove their sledge dogs through the freezing snow and blinding winds to complete one of the most grueling journeys on Earth.

9.00 The Beiderbeckes Tapes. A repeat of the radio drama of Alvin Beiderbecke's comic Yorkshire childhood based on the Beiderbeckes Affair. Bill and Trevor are investigated by the secret service as a potential threat to national security - all because Trevor wants a complete set of tapes by jazz musician Bix Beiderbecke. Starring James Bolam and Barbara Flynn.

10.30 Drop the Dead Donkey. Helen natures to name her sources of information about the Government, and Daniel is disgusted when Gus won't let him present his report on prostitution. Newcastle satire, starring Ingrid Lacey and Robert Duncan. (1989).

11.05 Film: La Locusta. Clever comedy about a woman who earns her living reading to people. Starring Micol-Miku (1988).

12.55 Who Men.

1.10 Evening Shock.

1.45 The Harp in the South.

2.40 Close.

CHANNEL 5

6.00 Early Morning. 8.30 Dennis. 8.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Glens. 11.45 Little House on the Prairie.

12.45 Film: White Feather. Robert Wagner plays a cavalry officer who persuades Indians to leave a reservation about to be invaded by gold prospectors. Western, with Jeffrey Hunter, Debra Paget and John Lund (1955).

2.35 Mistral's Daughter. Two-part mini-series starring Stefanie Powers as a young Jewish girl who runs away from home to become an artist's model in 1920s Paris. Based on the novel by Judith Krantz.

5.15 Gentleman's Roundabout. Jeni Barnett and experts from Hazelanne and Bryn Forbes' woodland garden.

6.00 ITN News: Weather.

6.30 Watching.

7.00 Surprise, Surprise. Henry Cooper, Bobby Davro and John Pleshette help more dreams come true.

8.00 Heartbeat. An Army deserter causes problems for Nick and Kate when he hides out in the moors.

9.00 Jeeves and Wooster. Hugh Laurie returns as hapless Bertie Wooster, with Stephen Fry as his ever-resourceful butler. To the giddy merriment of New York to escape the foppish Aunt Agatha, Bertie soon finds himself in trouble when he meets his wayward cousin - and is left holding the baby.

10.00 Aspel and Company. Hollywood superstar Arnold Schwarzenegger, Sylvester Stallone, Bruce Willis and Demi Moore line up to tell Michael Aspel about their involvement in the record-breaking *Plan Hollywood*.

10.45 Politics. Politicians and celebrities bewail as the latest puppets return.

11.15 ITN News: Weather.

11.35 Faith and Music. A profile of former Black Sabbath singer Ozzy Osbourne, one-time drug-taking hellraiser whose alleged links with Satanic rituals added to his reputation as the wild man of heavy metal.

12.00 Film: The Accused. Jodie Foster gives an Oscar-winning performance in this true story about a waitress who is gang-raped in a small-town bar (1985).

12.30 Snooker.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:- AMSTERDAM

1.05 Apollo News. 1.10 Carlton Time. 1.25 Worldwide Wrestling. 2.05 The A-Team. 3.00 The Strongest Man in the World. (1989) 5.00 Angels News.

COPENHAGEN

1.05 Central News. 1.10 Net. Marconi's IndyCar. 1.15 1.20 Who Wins in Sport. 2.10 Donald Love Day. 3.00 The A-Team. 5.00 Central News.

CHANNEL:

6.00 GMTV. 9.25 Game 5. 11.30 The ITV Chart Show. 12.30 London Today. 1.00 News. 1.05 Central Diary. 1.10 Marconi's IndyCar. 1.15 The Dambeusters. 2.10 The A-Team. 2.25 WCW Worldwide Wrestling. 4.40 ITN News and Results. 5.00 Channel News. 5.05 Puttin' on the Style. 6.00 Police Academy II: Back in Training. (1989) 8.00 The Big Picture. 8.30 London's Burning. 9.30 The Big Eight. 10.15 ITN News. 10.30 Homebody. (1989)

GRANADA

1.05 Granada News. 1.10 Spanish Goals Extra. 1.20 Carlton Time. 3.55 Superstars of Wrestling. 5.00 Carlton News.

ITV NEWS

1.25 HTV News. 1.10 Nigel Mansell's IndyCar. 1.20 2nd Test. 2.05 Kind of Love. (1989) 2.20 Porky Pig. 3.45 International Duration. 5.00 HTV News. 6.00 Granada Headlines. 6.05 Granada News. 7.00 Granada Weather.

3.40 Celtic Challenge.

IRELAND

1.20 The Munster Today. 1.05 Meridian News. 1.10 Nigel Mansell's IndyCar. 2.10 The A-Team. 2.25 2nd Test. 3.00 News.

SCOTLAND

1.05 Scotland Today. 1.10 Telefex. 1.40 The Scottish Youth Debate. 2.40 Pop Profile. 3.00 The Comeback Cowboy. (1984) 3.20 Scotsport Special. 4.00 Scottish Boxing. 11.35 Homebody. (1989)

TYNE & Wear

1.05 Tyne Tees News. 1.10 Newcastle. 1.20 Newcastle. 1.30 Newcastle. 1.40 Newcastle. 1.50 Newcastle. 1.55 Newcastle. 1.58 Newcastle. 1.59 Newcastle. 1.60 Newcastle. 1.65 Newcastle. 1.70 Newcastle. 1.75 Newcastle. 1.80 Newcastle. 1.85 Newcastle. 1.90 Newcastle. 1.95 Newcastle. 1.98 Newcastle. 2.00 Newcastle. 2.05 Newcastle. 2.10 Newcastle. 2.15 Newcastle. 2.20 Newcastle. 2.25 Newcastle. 2.30 Newcastle. 2.35 Newcastle. 2.40 Newcastle. 2.45 Newcastle. 2.50 Newcastle. 2.55 Newcastle. 2.60 Newcastle. 2.65 Newcastle. 2.70 Newcastle. 2.75 Newcastle. 2.80 Newcastle. 2.85 Newcastle. 2.90 Newcastle. 2.95 Newcastle. 3.00 Newcastle. 3.05 Newcastle. 3.10 Newcastle. 3.15 Newcastle. 3.20 Newcastle. 3.25 Newcastle. 3.30 Newcastle. 3.35 Newcastle. 3.40 Newcastle. 3.45 Newcastle. 3.50 Newcastle. 3.55 Newcastle. 3.60 Newcastle. 3.65 Newcastle. 3.70 Newcastle. 3.75 Newcastle. 3.80 Newcastle. 3.85 Newcastle. 3.90 Newcastle. 3.95 Newcastle. 4.00 Newcastle. 4.05 Newcastle. 4.10 Newcastle. 4.15 Newcastle. 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BEFORE HE was exposed as a crook, Ivan Boesky was much in demand as a speaker at graduation ceremonies at US colleges.

On one such occasion the great share price manipulator proclaimed to his starry-eyed audience: "Greed is good." A film of this speech exists, and it shows the students clapping and cheering.

Perhaps a number of those students are now on the boards of unfortunate companies, busily profiting privately from the insight taught them by the future jailbird. We are often told, as if it were a fact of human evolution, that while the 1980s were the decade of greed and excess, the 1990s are a period of calm restored in the financial markets, of relative austerity. We are even told that, in Britain, John Major has ushered in a less grasping and divisive society, in contrast to the supposed excesses of unfet-

Greed lives in the caring '90s

Dominic Lawson suggests a way to keep company executives under control

tered Thatcherite capitalism.

The recent procession of company annual reports, and the details of executive pay revealed in them, shows that this view is a myth. While no manager in Britain can compete with the \$127m (£82.4m) of salary and stock options realised last year by Thomas Frist of the Hospital Corporation of America, the gains have still been spectacular.

Over the past three years, according to the Institute of Management, the pay of the typical chief executive of Britain's larger companies has risen by 40 per cent. This is at a time when the pay of the typical worker has risen at about a tenth of that rate, if indeed that typical

worker has not been made typically redundant.

Many recent examples of executive excess affect those who are leaving companies in the hands of others: a whacking final year increase has a big impact on pension payments and ensures a scrumptious retirement package; few more scrumptious than that of Sir Anthony Tenant of Guinness who, after a five years service with the company, will be collecting a pension of £500,000 a year, including a top-up of £204,000 a year above his normal company entitlement. Guinness was certainly good for Sir Anthony, although Sir Anthony, it would be fair to add, was good for Guinness.

But what of Gerald Ronson? It transpired this week that bondholders in Ronson's Heron property group, which last year saw shareholders' funds of £585m turned into a deficit of £288m, are asked to agree to pay Ronson £5m over the next five years, and to hand over 25 per cent of their stake in the company to Ronson and his managers, should they succeed in restoring the company's balance sheet.

When Ronson owned Heron it was perfectly proper for him to pay himself whatever he wanted. (As indeed, it now appears, the company paid £1.7m of the £5m Ronson was fined for fraud in the Guinness affair, when Ernest Saunders ran Heron's most generous drinks

company). But now that Heron is in the hands of bankers, they are responsible for getting the best possible deal for their shareholders, rather than for the erstwhile owner of the insolvent client.

Some other bondholders are arguing furiously, they failed to do. In this case the bankers are behaving rather like institutional investors in joint stock companies: cowardly or indifferent in the face of the demands of greedy and overpowering managers. As a result of this, some City reformers are suggesting that the pay of senior executives in public companies should be read out and put to the vote at annual general meetings.

It is argued that even if the insti-

tutional investors do not care, small shareholders might embarrass the executives with awkward questions. But the sort of chief executive who terrifies the remuneration committee is just the sort who would feel no embarrassment in front of ordinary shareholders: in fact he would positively thrive on the conflict.

I have an alternative remedy: that the chief executive's pay, whatever its base, should not increase in any given year by more than the average rate awarded to the company's workforce. After all, in a well-run company their increase, in aggregate, should reflect the company's performance, cash balances, and dividend obligations: why should not the chief executive's increase be subject to the same considerations? It is an extreme remedy, for a group which includes some extremely greedy people.

■ Dominic Lawson is Editor of *The Spectator*.

A kiss for Europe

Michael Thompson-Noel



I CALLED in at Conservative Central Office in London this week, which is not my typical habitat. The royal box at Ascot, certainly. An anti-whaling conference, naturally. Or any

meeting whose declared purpose is to raise the status and self-confidence of womankind. But Tory Central Office?

In fact they were happy to see me. With morale as it is at present, they are happy to see anyone. So I cheerfully strode, and made towards the bookstall.

There was a man behind the desk. "I was wondering," I said pleasantly, "whether you had anything in stock that was extremely pro-Europe - in fact, pro-federal - because that is where I'm at, aggressively pro-federal. I believe in a federal Europe. As I remarked some time ago, I want peace and prosperity for all the people of Europe. I want one army, one navy, one air force, one queen, one president, one chief executive, one flag (very small), one currency, one language, one set of tax laws, one summer sport and one winter sport, one way of cooking *escouffade à la provencal*, one way of spelling Cologne, one BBC, one archbishop of Brugge, one motorway rulebook, one price of petrol, one railway gauge, one opera house (which is probably one too many), and one school curriculum.

"I see a federalised Europe as the precursor of world government, which would solve most of our troubles at once. So what have you got on your shelves that will pull it all

HAWKS & HANDSAWS

together for me? I need some ammunition. Ammunition is what I lack."

The man studied me. "As a matter of fact," he said, "material of that nature, extremely pro-European, let alone pro-federal, is remarkably thin on the ground. But I'm expecting some stuff next week. Perhaps you will call again, Sir?" I said that I probably might.

Yet I could not leave it there. I have been so nauseated by Britain's disgracefully slow progress in ratifying the Maastricht treaty on closer Euro-integration - let alone by the government's refusal to countenance a national referendum on the issue - that I am striking out on my own. I am changing my mannerisms. With luck, I hope to take on the appearance of a true European, just waiting to go federal.

I am far too English, even though I have lived abroad for a quarter of my adult years. I wear drippy, unstylish clothes. I am inhibited and diffident. I am not particularly tactile. When I kiss, I suck and go "mooch!" (it is called vacuum-kissing, and is done to conceal embarrassment). And I am always absurdly punctual. I am a bit of a prat, actually, although I do not believe I am odious, what a hurtful thing to say.

To help me with my mission, I am dipping in and out of an upcoming book, *Foreign Bodies: A Guide to European Mannerisms*, by Dr Peter Collett, a research psychologist at Oxford University. According to Dr Collett, the study of European mannerisms presents a special challenge, partly because they are so diverse and partly because Europe is in the throes of upheaval.

"On the one hand," he says, "there are centrifugal forces bringing nations together in an attempt to exorcise the past, and create a unitary structure with a common identity, while on the other hand centrifugal forces are at work, with local identities being asserted, people being flung in every direction, and states being torn apart."

He says that mannerisms are important because they form the basis of social exchanges between people, and because they can very easily give rise to misunderstandings.

That instructive tale was followed by "Medical failures - not quite so rare." The filler was about an "uncompleted rape" in Lucerne. And there was a bit about Asil Nadir's escape to northern Cyprus.

One gains a total picture of the Swiss, or more specifically the inhabitants of Zurich, from these two pages. There is the obsessive concern with the physical environment which is based on a fanatical sense of place. There is the scarcely concealed dislike of Bavaria and the not-so-general contempt for Austrians. The Irish story feeds a stiff-necked protestant anti-clericalism. Then there is the usual bit of crime, an obituary and a half-hearted attempt to whip up a half-scared story.

So it is that I have become expert in many questions about other nations. And so it is that I have never been asked the questions. ■ James Morgan is economics correspondent of the BBC World Service.

I am in for a sea-change. ■ Foreign Bodies will be published by Simon & Schuster on May 27 at £14.99.

Private View/Christian Tyler

A million-dollar convert from Watergate

ALIFE filled with irony and paradox is how Charles W. Colson, the former Watergate convict, describes his career. That is putting it mildly.

Prince Philip may not have appreciated the irony when at Buckingham Palace this week, on the very day the Royal bugging controversy re-erupted, he found himself presenting Richard Nixon's dirty-tricks expert with the largest cash prize in the world.

"Chuck" Colson received the Templeton Prize, whose previous winners include Mother Teresa, Billy Graham and Alexander Solzhenitsyn. He got a cheque for \$250,000 - nearly \$1m and bigger than any Nobel award - for advancing the world's understanding of God.

For Colson is born again. "It was 20 years ago this summer that I surrendered my life to Jesus Christ," he told me in his Claridges suite before going to the palace.

The former Special Counsel to the President, known as the hatchet man of the White House, was a scholarship boy, tough-guy marine corps infantry commander and high-earning Washington lawyer who played a prominent part in the intrigues that led to America's biggest political scandal and Nixon's resignation in 1974. "Colson" was Nixon's approving comment.

Colson the hard man does not look as if he has gone soft. He is courteous but briskly efficient, loquacious but somewhat passionless. He talks about Jesus with embarrassing familiarity, like a loyal staffer referring to the boss.

Has Charles Colson really changed? Or has blind loyalty to Richard Nixon been transmuted into blind loyalty to Jesus Christ?

Washington hooted with laughter when Colson announced at the height of the White House scandal that he had found God. But friends do not doubt his sincerity and his faith defies disbelief.

His is a bittersweet Christianity. Colson served seven months in Maxwell federal prison camp in Montgomery, Alabama, for obstruction of justice and has been visiting prisons ever since. His foundation, Prison Fellowship, has become a worldwide charity which takes the Gospels to jailbirds and campaigns for better conditions.

Crime is the result of a moral vacuum, he said this week, and only religion can provide the morality. Liberals wrongly assumed that people were never deprived, only deprived, while conservatives mistakenly argued that force and fear were the real deterrents.

And here is the paradox. Colson was very strictly brought up, in the puritanical tradition of Boston. His father, of Swedish descent and his mother, of English, "called themselves Christians in the same way

the vast majority of Americans or Britons do.

"My dad used to tell me: 'Whatever you do, never lie.' If I had any distinction, dubious though it may be, of going through Watergate, I was the only one of the major figures never charged with perjury."

But where was the voice of his own conscience? Colson, an acknowledged expert in campaign dirty tricks over many years, repiled with the rather technical defense that he had known nothing of the burglary and bugging of the Democratic Party offices at Watergate. Like others, he had been "backed into" the conspiracy of two or three ringleaders.

"There were a lot of rough, tough, ethically borderline political manoeuvres. But in terms of breaking the law... I had done four years of law school at night, graduated top of my class. I wasn't going to jeopardise that - on pragmatic grounds.

"I take full responsibility for helping create the moral climate in the White House that led to Watergate. But I thought I was too shrewd to have done anything that was legally wrong." In the end he pleaded guilty to leaking to the press the FBI records on Daniel Ellsberg who was awaiting trial for theft of the Pentagon Papers.

"I had seen the ugliest side of politics since 1968... stealing information... dirty tricks. It didn't bother me when Nixon said get the dirt on this guy and give it to Jeopardy!

Chuck Colson, a former dirty tricks expert, explains what it's like to be born-again

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The voice of conscience was stillled by pride and self-righteousness. "Almost the better educated you are and the more sensitive you are, the more dangerous you are. This is one of the paradoxes of life."

"In college I studied Kant and the Categorical Imperative. I believed that through a rational process you could arrive at the right ethical judgments. And so when I went to the White House - I had a successful law practice and took a large pay cut - I put everything in a blind trust. I would never see anyone I practised law with. If I received Christmas gifts I would give them to the drivers of my limousine..."

"Chuck Colson, with a puritanical background and with a brilliant education, would never be compromised. No way. But I went to jail: which is why I don't believe Kant's Categorical Imperative is a sound basis for ethics. It assumes that by reason you can control your passions. It ignores the fact that

human beings have an infinite capacity for self-justification and self-delusion."

You were up to your neck in it. I said. Was your religious conversion a way of escaping responsibility?

"You don't escape responsibility. I suspect if it had not been for my conversion to Christ I wouldn't have gone to prison. In fact I know I wouldn't have." (Colson claims the original charge against him would have failed and that he provided the prosecutor with another - the Ellsberg lead - to which he could plead guilty.)

Why, then, was his conversion so sudden?

Colson said the doubts had begun even before Watergate. When he left the White House in 1973 he had achieved everything he had set out to achieve. "I'd done all of these things and I sat one day looking out over the south lawn of the White House feeling a terrible emptiness."

He went to see a friend, Tom Phillips, soon to become president of Raytheon, and was startled by his appearance. "His desk was clear, he was smiling and relaxed. Fifteen minutes into the conversation I said: 'Tom, you've changed, what's happened to you?' He said: 'Yes, I have. I have accepted Jesus Christ and committed my life to him.'

"I nearly fell off the chair because I'd never heard anyone talk that way. I thought: what in the world is this man talking about? So I very nervously changed the subject."

Phillips, it transpired, had been to a Billy Graham rally. Later that year Phillips read to Colson a chapter from C.S. Lewis's *Mere Christianity* on the sin of pride.

"I was deeply affected because I recognised my own sin as I never had before. Tom Phillips wanted me to pray with him that night, but I couldn't. I left and went to my automobile in the driveway. Patty (Colson's second wife) and I were heading off on a week's holiday and I couldn't drive out of the driveway because I was crying too hard to get the keys into the ignition."

"I sat there probably for an hour, praying the first honest prayers I had ever prayed in my life. I said: 'If you're true, Jesus, I want to know you.' I never normally showed emotion. I was embarrassed. But I got up next day and felt wonderful."

What did your wife think?

"She was astounded because she is a life-long Roman Catholic and far more religious than I am - was. I think she was terrified at first."

When people laughed at you - some probably still do - you can understand what goes through their minds?

"Sure. If I'd read that story I'd have said that's the biggest con-game, the biggest scam I've ever heard."

When I asked Colson whether "getting religion" might be a kind of psychological condition, a mid-life crisis exaggerated by stress, he replied that in that case St Paul, St



Tony Andrews

Augustine and John Wesley were merely showing psychological symptoms. It could not explain why he had turned down lucrative offers to spend 20 years working in prisons on a salary of \$59,000 a year.

Colson describes himself as a conservative, orthodox, evangelical Baptist, a fundamentalist in the non-pejorative sense of accepting all the basic dogmas of Christianity. Although he says he has given up party political contacts and has attacked the Moral Majority for its political links he is still more at home with the Right than the Left - except where criminal justice is concerned.

You're non-political?

"Well, I can't vote, I'm an ex-con-convict."

But he went on to criticise Bill Clinton for squandering the good will of the presidency by raising divisive moral issues during his first 100 days. "I very much oppose legalising homosexuality and repealing the abortion restrictions."

"Homosexuality is a sin?"

"The Bible says it is. I get a little bit angry when people talk about us pre-judiced, Bible-pounding people."

Not many who criticise me will go and do what I do... take AIDS victims who are homosexuals and hold them in my arms and talk to them about Jesus. It's one thing to be offended by a sin. It's another to love the sinner."

Do you believe in the book of Genesis literally?

"I do believe in it literally."

Are you a Creationist?

"Oh, yes, absolutely. Of course I am. Anyone who reads the Bible historically has to be a Creationist."

So you don't believe in Darwin's theory of evolution?

"No, I do not."

Species might have adapted but were separately created, Colson said, and Man was created human, with a soul, not descended from an ape-like ancestor.

A lot of people would say for an intelligent man you're being dumb.

"It isn't a question of intelligence, it's a question of prejudice - the idea that because something is modern it has to be more enlightened."

A hundred years ago, he added, universities all over the world had denied the existence of the Hittite Empire because the only reference

to it was in the Bible.

Do you believe in Original Sin?

"The greatest curse on the 20th century is that we forgot the doctrine of original sin. When you do, you get people like Stalin and Hitler. Utopians say just get rid of the

Property Plus

SECTION III

Weekend May 15/May 16 1993

SPRING BEGAN early this year in the UK housing market as buyers decided that prices had bottomed out. Now the problem is that agents do not have enough good houses to sell.

Vendors may expect houses of quality to achieve (or come very close to) realistic guide prices, and sometimes may exceed them. But "realistic" may still mean 30 per cent in nominal terms below the heights of 1988-89.

The hard times that let a buyer lop £50,000 off an asking price are vanishing fast, and the imbalance of demand and supply looks set to lead to a rise in prices. But how great that rise will be, and when it will reach different parts of the country, is debatable.

In truth, the frosts that have nipped the green shoots of economic spring in the chancellor's garden for the past 18 months may still return. In this firm, the individual property matters far more than market trends.

Shute House near Shaftesbury, in Dorset, with a magical garden designed by Sir Geoffrey Jellicoe, was on the market for just five weeks when it went for virtually the asking price of £1.25m after other, lesser, offers.

The cuts in interest rates have made mortgage payments cheaper than rent—notably for first-time buyers, whom the building societies woo with special terms and who are most likely to benefit from the abolition of stamp duty on purchases below £60,000. Nationwide gives an average first-time price of £29,645 for the first quarter of 1993, and Halifax one of £44,265.

This discrepancy may reflect differences of clientele seeking mortgages, from whom they draw the data for their indices. Both building societies note that first-time prices are significantly—6.5 and 7.8 per cent—down on the same quarter in 1992.

This new climate affects directly only younger Weekend FT readers, but it is relevant for all as first-time buying starts a chain reaction, pushing vendors a rung or two up the ladder. A recent survey by the Royal Institute of Chartered Surveyors has noticed is starting to happen again.

In all sectors, many have grown tired of living in rented flats and now, with mortgages cheaper than rent and incomes up, are eager for a property of their own. Nationwide computes a house price-earnings ratio of 1.85 for the first quarter of 1993, its lowest level since 1980, and estimates that taking into account prices, earnings, interest rates, and mortgage interest tax relief, houses are now more affordable than they have been since 1986.

At the top end, lower asking prices and the fall of the pound have brought foreign buyers to London, giving some lucky Londoners the wherewithal to buy good



Illustrating the ups and downs of the market: The Georgian Old Rectory at Thorney, in Northamptonshire

Wanted: homes for sale

The market is picking up, says Gerald Cadogan, but agents are short of quality properties

houses for bringing up the family in the country. Higher share prices are another plus.

Perhaps the market would have turned last autumn, if Black Wednesday had not struck just when the new buying season was getting under way and clobbered everything from stately homes to new homes. Perhaps the mild winter gave buyers' itchy feet.

In the present market, good houses sell. But if there are drawbacks (which are more obvious now that the Property Misdescriptions Act is in force), or if the house is overpriced, confidence is not yet so strong that any house at all will be bought, as happened in the late 1980s.

Patrick Ramsay, of Knight Frank & Rutley, is cautious. For him the demand has a slightly false ring, as the eager but frustrated buyers include flat-renters and over-

seas buyers, neither of whom have property to sell.

And spring last year and in 1991 turned out to be a false dawn. But the stock of houses for sale is now low as the supply has shrunk steadily over the last three years. Most of those that were on the market a long time are now sold, at much reduced levels.

Some "old chestnuts," as Ian McConnell, of Savills in Banbury, Oxfordshire, puts it, are still stuck. They were too high three years ago and, even if they have followed the market down from £300,000 to £220,000, they are still too high, and buyers avoid them just because they have been around so long.

Patrick Ramsay, of Knight Frank & Rutley, is cautious. For him the demand has a slightly false ring, as the eager but frustrated buyers include flat-renters and over-

summer, as country houses follow London's lead. But any rise, Ramsay thinks, will level off in the autumn and winter as supply and demand come into balance.

It is a matter of when the vendors have enough confidence to sell. The shortage of top-class country houses shows many hanging on in the hope of a better price and aiming to ride out such woes as Lloyd's and compulsory early retirement.

Some time over the next two years there should be plenty of houses to sell, perhaps even from this autumn. If the market does rise 10-15 per cent, supply and demand will sort themselves out. But prices will still be well below those of 1988-89.

Next summer may be a good time to sell, in the third year of the current parliament. But who knows what new banana

skins will be around by then? After all, it may be safer to sell now since a vendor can be certain that buyers will come to view, especially if the house receives national advertising.

The handsome 1720s Much Hadham Hall, in Hertfordshire, rated Grade I and probably the work of Nicholas Hawksmoor, came on the market two months ago. Agents Mullucks Wells & Associates had inquiries from Dubai, New York and Stockholm, and a dozen serious viewers, four of whom made offers. Contracts are expected to exchange shortly at a price close to the £260,000 guide price.

The Georgian Old Rectory at Thorney, in Northamptonshire, shows the ups and downs of the market. In 1988 it went for £180,000. Restored and with more land, it came on to the market again at over £200,000 in 1990 and—at the market's peak—went for over £250,000. This winter it was sold again, dropping to more than the £260,000 guide price—sold to an overseas company for whom it cost even less in foreign currency.

Realistic guide prices for good properties make sense, while competitive bidding and premium prices remain rare and usually a reaction stemming from frustration. If anything is wrong or the price too high, buyers still walk away. How long they will remember the bruises of the past few years is uncertain. If the experience of the price collapse in the mid-1970s is a guide, memories are short and fear soon gives way to greed.

Yolande Barnes, of Savills Residential Research, expects marked price increases between June 1993 and June 1994—later in some areas—as vendors comprehend buyers' pent-up desire to move and settle. At the end we may see prices back to where they were five years ago in nominal terms, accompanied, perhaps, by inflation—and higher interest rates.

In the meantime, if you are buying a house, do not overlook the old-fashioned repayment mortgage which reduces the sum outstanding month by month (although slowly at the beginning), rather than an endowment mortgage with its lure of a lump sum at the end. The life insurance companies have been cutting the returns on endowment policies. Conversely, anybody who has paid the old way for the last five years has probably cleared off any negative equity.

Keep in mind, as well, that agents are still cautious about prices, having spent the last few years teaching vendors to think small. And there is a danger that in their desire to obtain houses to sell, they may overvalue them. It is a tricky market, and hard to foresee that it will ever return to a frantic boom. What is certain is that any good house put up for sale now will sell quickly.

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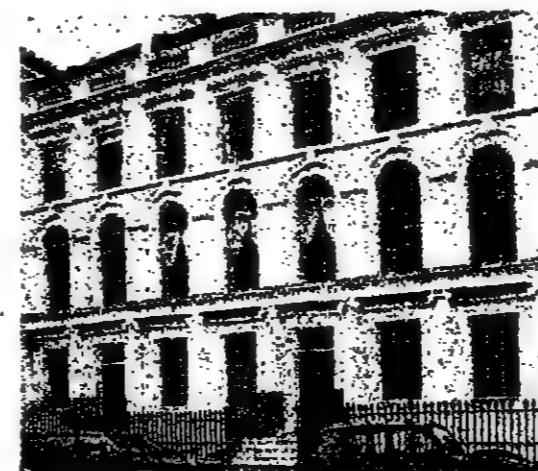


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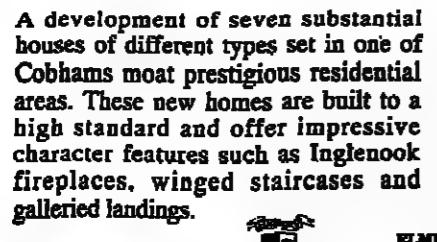
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PROPERTY PLUS

How to date your house

Expert help in tracing the history of your home is not hard to find, says Gerald Cadogan

HOW OLD is my house? And how can I improve it without damaging its historical character?

A quick answer to the second question could be: do not put in plastic windows or face the exterior walls with stick-on rusticated stonework. And think twice about adding a Victorian-style conservatory — often they do not fit, which may be why so few were built in the first place. The full answer is to find out its history and then decide how to alter it or, in the light of what you discover, leave it as it is.

You never know what you may find. Houses are long-lived animals that survive changes in almost every generation. Behind the chain-store high street facades lurk medieval merchants' houses. (In Barnstaple, Devon, do not miss the Tudor shipmaster's ornate plastered ceiling in the Woolwich Building Society.) And, surprisingly often, village houses turn out to have Georgian fronts.

Start by examining the house thoroughly yourself. Look out for blocked windows, doors and stairs. If the floor changes level, why? Did the house once have its own well, or built-in copper cauldron for the laundry? Has it always had the same main entrance? You will find it easy to spot some of the alterations, although arranging them in sequence may be hard.

See what Pevsner's guides say about the house and whether there is an entry in *Victorian County History*, the title of a series of county histories which you should find in the public library. If it is listed, the particulars are recorded in the relevant section of the Department of the Environment/Department of National Heritage Green Book (in the public library or at the local planning authority). There may also be entries in the Sites and Monuments Record (SMR) which the local archaeological unit keeps (the county council will tell you where to find them) and at the county records office.

If you do not have the time, inclination or background for this research, seek out the experts. They will survey the building and work out its history from the bricks and mortar and will search documents, should you require. The archaeological units, which advise councils on what to do with planning applications for listed buildings (and sometimes for non-listed) and for sched-



The restoration of a rock-cut house at Kinner Edge, in Shropshire

uled ancient monuments, usually have a contract side to survey buildings. There are also private consultants.

They will produce reports with photographs and plans, sections and elevations drawn to scale, which should tell you much more than you alone could discover. They will also help if you are contemplating work on the house and will probably also want to put the information into the SMR for future use.

A typical brief for the Canterbury Archaeological Trust, one of the local units, was a derelict bus garage which was to be restored as offices. It might have seemed an unpromising start but the team recovered two bay medieval buildings with a coved post roof, and 17th and 18th century additions. After

the first world war it lost its original facade and first floor framing when it was converted to a garage.

For more precise dating of the medieval part, they could have used dendrochronology, taking sections from one of the larger beams or coring samples. This would show the pattern of annual growth rings, some thick and some thin, which reflect the patterns of medieval weather.

Trees grow more in wet, warm years. Thin rings mean harsh winters. The next task is to match the "floating" sample to master pairs which have been built up by correlating hundreds of samples and counting them backwards from the present. Computers make this fairly easy and will produce dates for the rings.

These dates give the year of the latest ring preserved. If the beam still has its bark that will be the date the tree was cut — which may be few years before it was used in the building. Tree rings have remarkable accuracy, and have dated the monastic barn at Great Coxwell, in Oxfordshire, to within a decade of 1300, settling an argument that ran between the early 12th and late 14th centuries.

The Greater Manchester Unit worked out that the Cottage had four building phases which mirrored the history of what the 1919 sale particulars called "the most famous Calico Printing Works in England". The lucky owners now have a fascinating history of their cottage and the details they needed to extend it.

Ron Shoshani, of the Hereford Unit, stresses that much of the work is to ensure that buildings are understood before they are altered. Listed (and convertible) barns in Wales and an old button and buckle factory in Wales, for which a housing trust was seeking planning permission, have been recent briefs. The unit has also surveyed two old gate houses for the Landmark Trust.

The unit's most intriguing brief evokes Petra in Jordan, or the troglodyte life of early man. The National Trust commissioned the unit to survey rows of rock-cut houses at Kinner Edge, in Shropshire, before restoring two as a single house or for the custodian.

These rare dwellings are partly cut out of the rock, partly built up in stone in front. Farm workers and iron workers use to live in them.

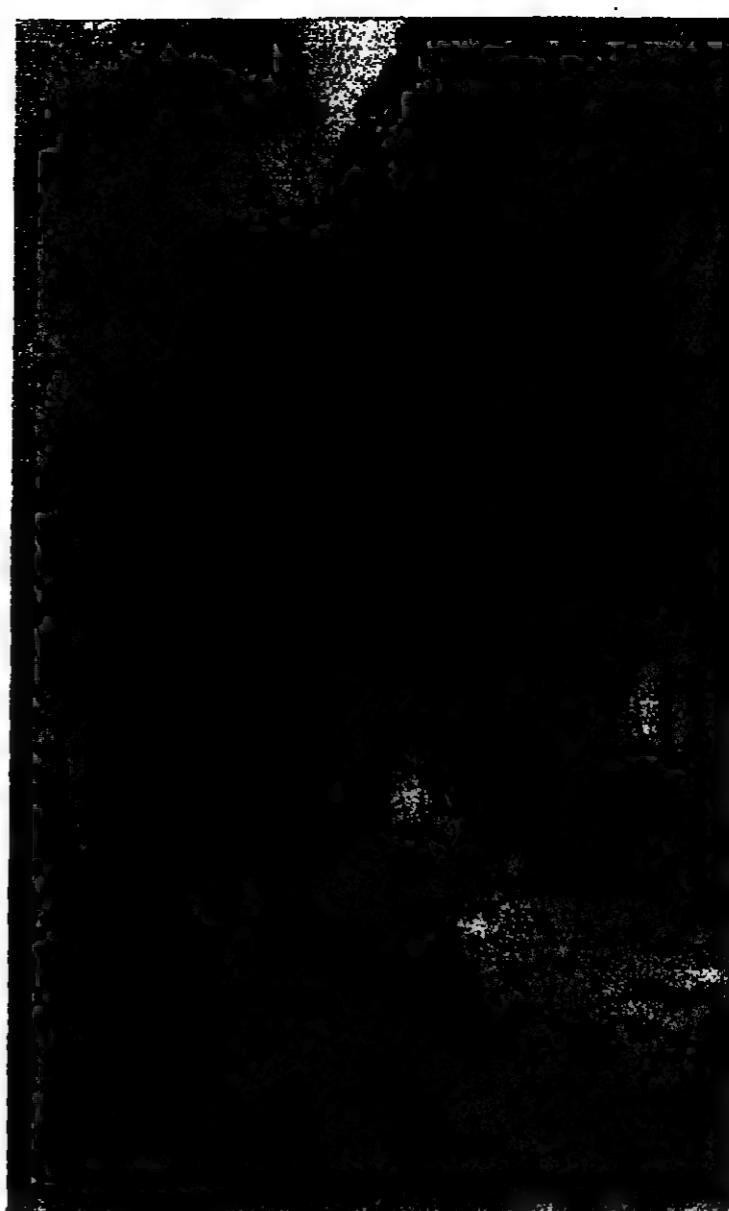
The oldest record is of 1800 but they probably go back earlier, and they were in use until the 1800s or 1900s. They are two-bedroom houses and at one time there were 11 families in the row. When they wanted a house, they did not have to pay. The contractor paid them to quarry the stone.

■ Canterbury Archaeological Trust, 92 Broad Street, Canterbury CT1 2LU (0227-462022).

■ City of Hereford Archaeology Unit, Town Hall, Hereford (0432-288121).

■ Datestone, Church Farmhouse, Andell, Lytham St Annes, Lancashire FY8 4RX (0253-733663).

■ Greater Manchester Archaeological Unit, University of Manchester, Oxford Road, Manchester M13 9PL (061-2752314).



A rare early photograph of a Kinner rock house

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Region £750,000 for Lot 1
Apply: Exeter (0392) 433083
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Chesham 2 miles. London 30 miles.
(Distances approximate)

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first class stables.

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Great and staff wings.
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4 cottages. Stable block.

2 green fields. Staff complex with 26
lodge houses. Post and rail paddocks.
Woodland. High quality sheet.

About 615 acres

Apply: Beaconsfield (0494) 675268
or London 071-629 8171

Hampshire
Overton 1½ miles. Basingstoke 7 miles.
Winchester 12 miles. London 55 miles.
(Distances approximate)

A fine period house set in its own
park in an elevated position
4 reception rooms, principal bedroom suite,
4 further bedroom suites. Staff flat.
Mature gardens and private driveway.
Walled kitchen garden. Tennis court.
Stable block. Secondary house, 3 cottages.
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Spring water with license to extract.

About 413 acres

As a whole or in 2 lots

Joint Agents: Lane Fox, London 071-629 8171
Knight Frank & Rutley, London 071-629 8171



Norfolk

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London 100 miles.

(Distances approximate)

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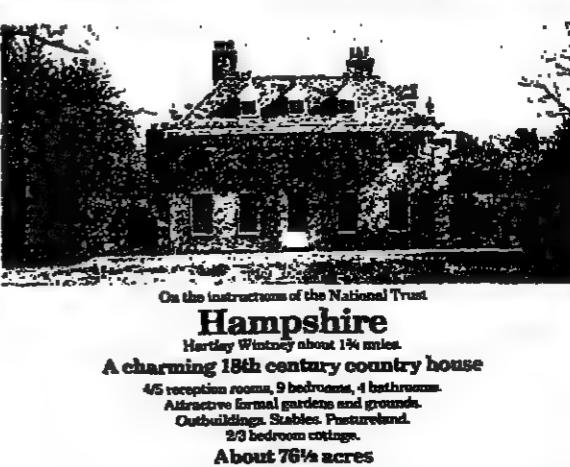
Part of the River Waveney.

Superb wild and reared pheasant,
partridge and duck shoot.

About 3,636 acres

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On the instructions of the National Trust

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A charming 18th century country house

45 reception rooms, 9 bedrooms, 4 bathrooms.

Attractive formal gardens and grounds.

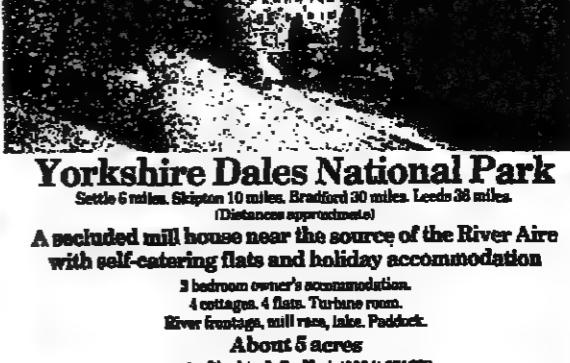
Cottages 2½ miles. Puddingstone.

2½ bedroom cottage.

About 76½ acres

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Apply: London 071-629 8171



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(Distances approximate)

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in association with Knight Frank & Rutley

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PROPERTY PLUS - COUNTRY

HOUSES ARE cheap today. Many can be bought for very much less than they would cost to build. Large period properties are especially good value.

Most people consider Britain's heritage of fine houses to be irreplaceable works of art - so valuable that owners have to gamble on when insurance premiums are due each year. In extreme cases, such as the magnificent Herstmonceux castle in East Sussex, the cost of re-building would be 10 times the selling price, and that leaves aside the value of the priceless gardens and parkland.

The dilemma facing owners of period homes was highlighted in the recent catastrophic fire at Windsor castle. Often premiums are too high for houses to be covered for a total loss.

English Heritage and agencies responsible for royal palaces and other national monuments, such as the Tower of London, simply cannot afford to insure them at all. Money is spent instead on prevention and early-warning systems.

Surprisingly, while claims blaze even higher, only 61.7 per cent of Britain's 22m homes are insured against fire. There are signs of improvement but, even so, claims leapt by more than 7 per cent last year to £248m.

Even some builders of new homes, desperate to maintain cash flow, are offering houses for less than they cost to build. Historically, this situation is a catalyst to a price explosion, but uncertainty over employment continues to apply the brakes.

Building costs vary from region to region and according to house type, causing a wide difference in premiums. But the British Insurance Association publishes an annual summary of building costs so, unless you live in a mansion, do-it-yourself valuation is relatively simple.

Rebuilding costs bear no relation to market value although, fortunately, total losses are rare. On an average home, the guide price per square foot varies from as little as £11 to more than £70. To replace a beautiful Georgian mansion, however, could cost closer to £500 a sq ft.

To estimate your own rebuilding costs, simply work out the floor area, using external measurements, and multiply by the number of floors. To complete the equation, multiply the total area by the rebuilding cost for your area and house type. Thus, a moderate detached house of 2,000 sq ft in the home counties would cost 2,000 x £46 to rebuild - or £92,000.

So, what price a Gertrude Jekyll garden or Capability Brown parkland?

"The garden comes virtually free if you take into account the value of the bricks and mortar," says Colin MacKenzie, of Hamptons. He was referring specifically to Barton St Mary in East Grinstead, Sussex, built in 1908 and having 20 acres that are little changed



The Gothic Villa in Regent's Park... with every trick in the architect's repertoire, re-building would cost at least £4m

History at a premium

David Hoppitt finds that the costs of rebuilding - especially a period property - can far exceed those of simple purchase

from the myopic Miss Jekyll's original design. The price guide is £1m. MacKenzie says: "To rebuild the house would cost £2m or more, and that excludes the incalculable value of the buildings."

Heveningham Hall in Suffolk, featured on these pages a few months ago, is still on the market. The price of £4.5m is trifling compared with the £16m that Savills and Knight Frank & Rutley estimate it would cost to rebuild. Again, the grounds - in this case, 485 acres sculpted by Capability Brown - count for nothing.

High above Bath is Widcombe manor, an exquisite Grade I Georgian house sitting in seven acres of terraced gardens thought to be the work of Harold Veto. Offers above £1.25m are sought by Savills with Knight Frank & Rutley.

Savills' man in Bath, Charlie Barker, says local building costs for a standard house are around £20 a sq ft, but a house of the complexity of Widcombe manor would cost at least £280 a sq ft to replace.

One of the most remarkable building works in progress this year is Bliss mill, a huge Victorian tweed mill built in 1872. It might pass for a Georgian-style mansion but for the dome and 165 ft tower that soars above the finials and the delicate

balustrades. Agent John D. Wood reckons that to build it today would cost at least £15m.

The building dominates the rolling Oxfordshire countryside and is close to Chipping Norton (Chipping being a corruption of the Saxon word "cheapening," meaning market), the gateway to the Cotswolds.

Work on converting the mill and its outbuildings to flats was started by an American a few years ago and swallowed up more than £5m, much of that due to the high standards set, but the company went into receivership. Enter Andrew Davis, a flamboyant 27-year-old whose company, Widworthy Estates, has now completed a number of successful developments.

"It was a very sad state of affairs," Davis says. "The previous owner had lavished love and money on the old place but we were able to buy it for below £2m.

We have spent another £3m finishing the 55 flats, providing a wonderful sports complex and converting the outbuildings into cottages and covered car parks. The buyers will get quality that is far and away beyond what we could have built for the money had the previous owner not been so ambitious."

Now, the crunch question. If you buy the Gothic Villa, for how much should it be?

Strawberry Gothic, as it has been described, does not come cheap - at least £300 a sq ft. Erring on the side of caution, you should reckon on closer to £500 so, with nearly 8,000 sq ft to protect, the premiums should cover re-building costs of at least £4m.

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Cadogan's Place

For buyers only

ment of Lane Fox in Bamburgh, Northumberland (0205 273 552).

County Homeseach (0872 223 349), with offices covering southern England, Edinburgh, Hong Kong and Provence, has an unusual fee structure £300 (including VAT) initially, followed by either 1 per cent of the purchase price or 15 per cent of the negotiated saving between the asking price and the purchase price (whichever is greater).

Bedrock International (071 351 2626) has a long computer listing of available

multitude of bedrooms and baths and a stable yard with 16 loose boxes, all with a guide price of £81,750.

■ For the grand life in France, Philip Hawkes in Paris (01 43 68 26 11) is offering the Chateau de Mareil le Guyon, fully furnished, restored beautifully and just 21 miles west of Paris, for FF 47.5m. Simpler and cheaper, at FF 14.2m, is La Maganerie de Moustairol, a pretty farmhouse at Entrecasteaux in Provence, with a swimming pool and passion flowers in the garden. From Hugo Skillingham in France (04 43 69 79) or Knight Frank & Rutley in London (071 629 5171).

■ For remoteness, a farmhouse called Brimblecombe in Exmoor national park near West Anstey, Devon, is hard to beat: you need a four-wheel drive vehicle to reach it. This romantic retreat, where you can see badgers on the lawn, has five acres, three bedrooms, a stable, hay barn and two more barns. Price: around £190,000 from Stags in Dulverton (0388 231 174).

■ Fans of 18th century Gothic architecture will like the grade II-listed Clearwell castle in Gloucestershire's Forest of Dean. Now run as a country house hotel and new on the market, it is rich in battlements and bedrooms (14, all with baths en-suite). Knight Frank & Rutley in Hereford (0432 273 087) offers it for around £750,000.

Gerald Cadogan

Aquiring Dodington Park in south-west Gloucestershire has been a coup for buying agent Wilson & Wilson (071 727 1977). Working like a management head-hunter, it negotiated the sale without any estate agents being involved (saving the vendor a nice sum, too). The grand Palladian property comes with a dower house, two lodges, six cottages and 300 acres of park designed by Capability Brown. The buyer is a private client who will set up a stud to breed horses and working German shepherd dogs.

Buying and re-location agents work solely for purchasers. They find, and negotiate for, properties which (like Dodington) are sometimes not intended to be for sale or are not on the public market. They also may offer to manage let buildings on behalf of investment buyers.

The aim is to take all the bother out of buying and shield purchasers from being at an amateur's disadvantage in dealing with a vendor's professional estate agent. Savings from negotiating down the price more than cover the buying agent's fee.

Other buying agents include Property Vision (071 602 3783) which has a link with Sotheby's; Stacks (0866 980 522), a partnership of 12 covering England and Wales from Cheshire to the Wash; TLC Homeseach (0628 630 000), a newly-opened firm in Devon; West Country House Search (0985 812 698) in Sherborne, Dorset; and the buying depart-

ment, plus pictures, to give clients a fuller initial idea of what is available. When it has searched through this and made a short-list, it inspects the properties and goes from there in the usual way.

With all estate agents reporting that good houses are scarce on the market, and with some still over-priced, the way is open for buying services to show their worth.

■ Avonmore House, built in 1720 and only 25 miles from Dublin, is set in 150 acres along the river Avonmore in the hunting, shooting and fishing country of Co. Wicklow. Hamilton Osborne King in Dublin (01 760 251) is selling what looks a most comfortable property for horsemen. It has a



Dodington Park... a Palladian house and 300 acres designed by Capability Brown

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PROPERTY PLUS - LONDON

A penthouse - for one-third of the price

FROM ONE of the two penthouses in 25 Jeremy Street, next to the department store Simpsons in the heart of London's West End, there are splendid views over Piccadilly, across Regent Street and on to Soho. So I was not surprised when Kevin Ryan, of Mayfair agent Egerton, said it had been sold. The surprise was the price: £295,000. Why? Because, during the property boom, the same penthouse was on the market at £900,000.

When the developer, Michael Saliss Group, went into receivership, it had sold only 15 of the 35 refurbished flats in this Grade II-listed Edwardian building above the National Westminster Bank. One was the show flat, at £900,000. But two buyers were repossessed, one of them committing suicide. A year

Having fallen by up to two-thirds, prices now are rising - but not as fast as vendors with negative equity would hope, reports Michael Hanson

ago, the receiver appointed Egerton (tel: 071-493 0676) and Horne & Sons (071-499 9344) as joint agents to sell the remaining 20. They priced the penthouses at £395,000 each; now, despite having taken £100,000 off, one remains on offer. The prices of the other flats, which are studios or one-bedroom apartments, were also cut by 25 per cent and now range from £85,000-£175,000. Only five remain, but two have no view at all.

While these prices show greater reductions than most in London, property prices in the capital rose so high in the 1980s' boom that they had a long way to fall. In fact, they fell further than anywhere in the UK except East Anglia, where average prices almost trebled between 1983 and their peak at the start of 1989, since when they have fallen 35 per cent.

In Greater London, prices fell by an average 33 per cent from their peak to the end of last year, according to the Nationwide building society (although the Halifax, Britain's leading mortgage lender, claims the figure is only 23 per cent).

Since then, the market generally has shown signs of improvement, although there is no consensus about this. The Nationwide says prices in Greater London rose by 2.6 per cent in the first quarter of this

year, but the Halifax says that they fell a further 2.4 per cent. In the prime central London market, however, prices rose by 1.8 per cent in the first quarter, according to Yolande Barnes, head of residential research at West End agent Savills International (which, for good measure, puts the total fall in prices at 26.9 per cent from their 1989 peak).

House prices dropped less than flats, with the greatest reductions being in the highest-priced developments in central London or in peripheral areas of the capital where flat prices continued to drop in the first three months of this year, especially for apartments in converted houses.

A survey by London's largest independent agency network, Winkworth, shows that flat prices have fallen most in Streatham, Notting Hill, Shepherds Bush, Tooting and



The Carlton Gate development by the Grand Union Canal in Maida Vale W9 (above) where more than half the 222 flats have been sold at prices from £20,000 to £225,000. A sales office is on site: tel: 071-286 3277

Catford. John Wriglesworth, housing analyst at stockbroker UBS, says the typical 1980s' conversions of older houses to produce bed-sitters and one-bedroom flats for yuppie first-time buyers could now be almost unsaleable.

Savills believes that the worst is over in central London, where prices of new houses fell by less than second-hand ones. The greatest recovery this year has been in higher-priced houses in areas like Mayfair, Belgravia, Kensington and Chelsea. And interest is reviving in Docklands, where the Bank of China has bought 48 flats in The Anchorage, at Sufferance Wharf on the Isle of Dogs, from the receiver of the Rosehaugh group.

Meanwhile, a British company, Barratt Developments (071-231-2628), has begun work on 275 new houses and flats at Sovereign View in Rotherhithe, with prices starting at £26,000; and Fairview New Homes (081-366-1271) has bought 2.4 acres of land at Timber Wharves, on the Isle of Dogs, for starter homes at prices from about £39,000 for one-bedroom flats. Many properties in Docklands are still being offered by the receiver of over-ambitious developers or owners with negative equity.

Most property people say that the recovery of the market dates from

September 1992 when Britain left the European exchange rate mechanism; this made property 15 per cent cheaper for the overseas buyers who form 30 per cent of the market for prime properties in central London.

Although it was December before this made itself felt in the market, Mayfair agent Anthony Leesman points out that by then "the strength of the US dollar and the fall in UK house prices represented

in real terms a discount of 50 per cent on price levels achieved at the height of the boom." No wonder properties began to be snapped up.

The National House-Building Council operates an index which projects the ability of first-time buyers to acquire property. When the base lending rate was cut to 6 per cent a few weeks ago, the index hit an all-time high of 112, indicating that property had become cheaper than at any time since 1976. The result was that viewings increased, offers were made and mortgage applications soared.

Even now, though, there is no unanimity on the recovery. A few weeks ago, Robin Leigh-Pemberton, governor of the Bank of England, told a committee of MPs: "The recession is probably over." And the National Association of Estate Agents says that the first quarter was the most encouraging time in the property market for three years.

But South Kensington agent Patricia Farley cautions: "While there is no doubt that things are better than this time last year, that does not say much."

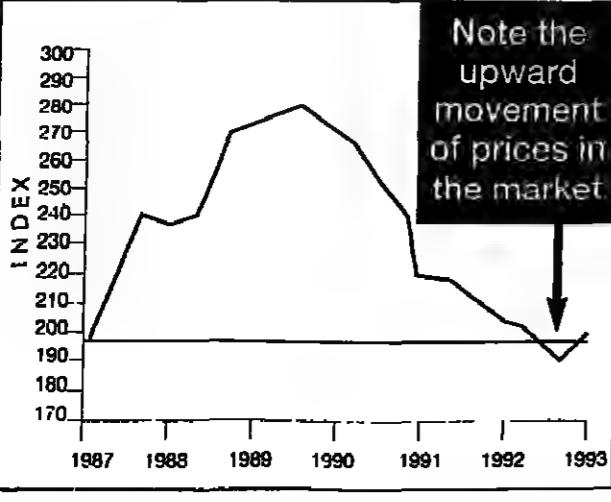
All agents agree that there is a shortage of activity. But perhaps the most reliable indicator of the apparent up-turn is that agents are opening new offices again. Winkworth, which closed five in the recession, is launching two - in Dulwich and Ealing - at the end of May and Bernard Marcus is opening in Holland Park in June.

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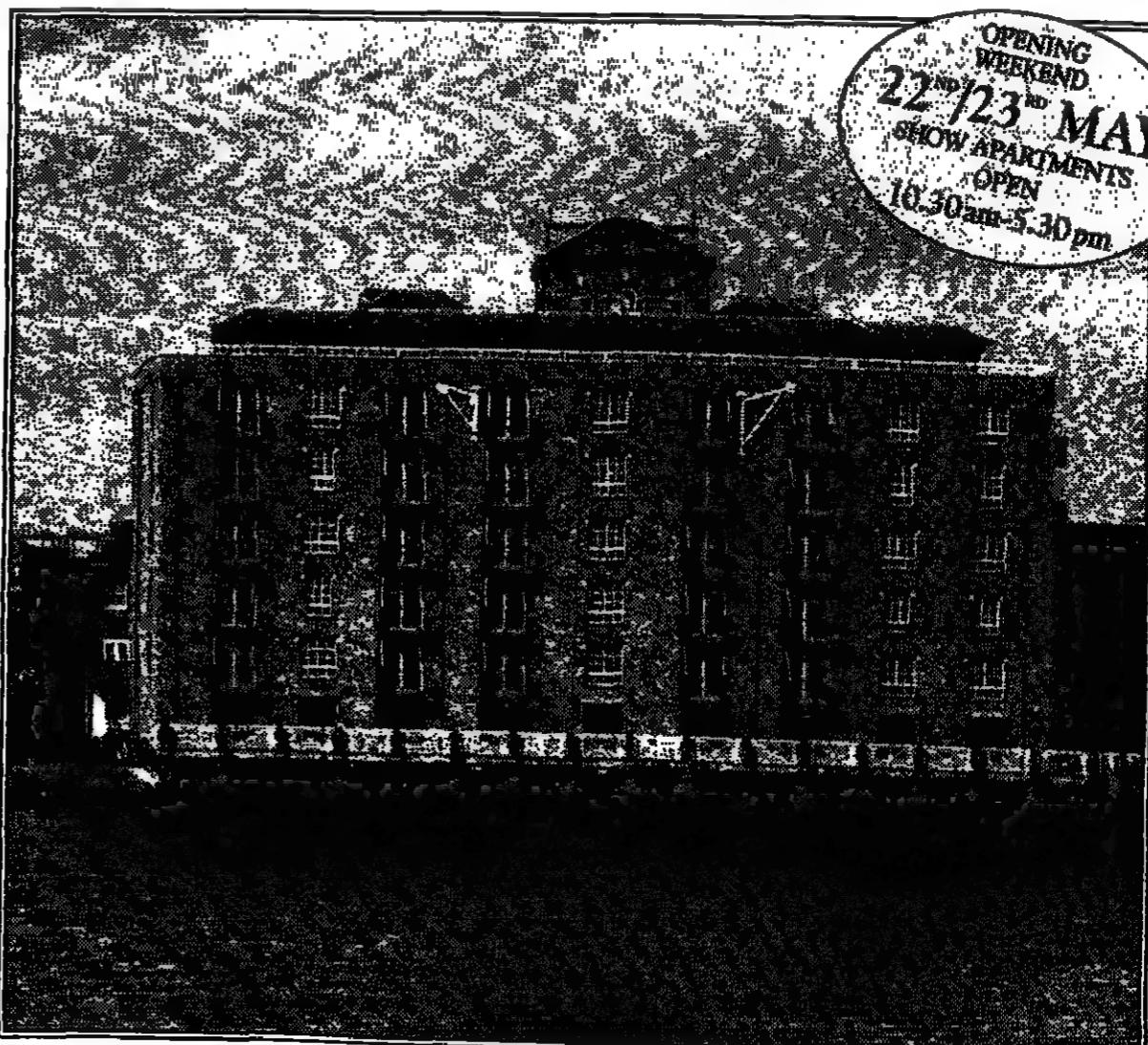
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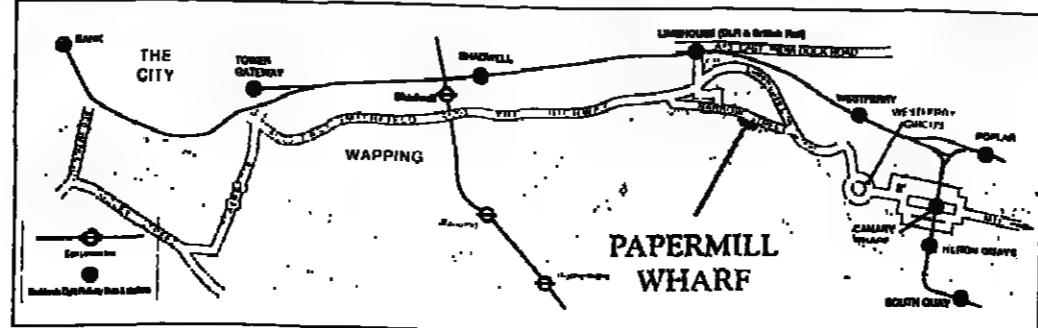


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PROPERTY PLUS - LONDON

Belgravia: simply the best in town

Mayfair is on the way back but its neighbour remains the capital's top residential area, says Michael Hanson

WHEN Lord Owen, Britain's former foreign secretary, moved to Narrow Street in Wapping more than 20 years ago, living east of the Tower of London suddenly looked trendy. Since then, and especially over the past decade, vast sums have been poured into developing Docklands and the media has been full of seductive advertisements and brochures from developers. But the reality is that Docklands remains a place for the future – a far better bet than it was need another 10 years at least.

If Docklands is not yet "in," where is? The simple answer is that

money talks, even though its owners usually prefer to remain silent. They spend their cash on property in the best residential areas of London (often, in the most discreet streets) where there are gracious houses, or seemingly modest ones, with garages if possible and, almost certainly, gardens. If they prefer to live in flats they want a good location, quality, service and, above all, security.

Some people think the Monopoly board shows the best addresses in London; and it is true that Mayfair is on its way back to the top spot now that planners require so many fine buildings, used as "temporary" offices for the past 50 years, to revert to residential use. But the leading residential area in London continues to be Mayfair's neighbour, Belgravia.

Its 200 acres are owned by the Duke of Westminster's Grosvenor estate (which also controls the best 100 acres of Mayfair). The properties are leasehold, a system being changed by the government through its Housing and Urban Development Bill, which allows tenants to acquire the freeholds.

Indeed, most of the best residential areas in London remain – for the moment – leasehold. Apart from Mayfair and Belgravia, these include the Cadogan and Sloane-Stanley estates in Chelsea; Smith's Charity in South Kensington; the Ichester estate in Holland Park; the Eyre estate in St John's Wood; the Howard de Walden estate around Harley Street and Portland Place; the Portman estate around Portman Square; the Church Commissioners' estates north of Hyde Park; and Eton College's estate in Swiss Cottage. The Crown estate's leasehold properties in Regent's Park, Kensington, St James's, Millbank and Hackney are excluded from the bill.

For those wanting to live in Mayfair, the entry price is surprisingly low. Egerton (tel: 071-483-0676) has two-bedroom flats for sale at less than £200,000, but service charges can be £3,500 a year. Larger flats needing modernisation cost up to £475,000.

Wetherell (071-482-6886) is offering newly-refurbished flats in Upper Grosvenor Street, opposite the U.S. Embassy, at between £750,000 and £11m. On the SP pension fund's 20-acre Mayfair estate, reconstructed flats in Hill Street are being sold by Debenham Tewson Residential (071-408-1161) from £220,000, and new houses in Hayes Mews from £350,000.

Anyone who doubts that Belgravia is London's top address should note that this is where a two-bedroom penthouse in Belgrave Square can be rented through Humberstone Majendie (071-223-0433) for £1,200 a week – more than £60,000 a year, which does not include council tax.

Belgravia is where property developer Elliott Bernard bought the

£10.5m flat where the Duke of

Eaton Square flat where the Duke of Westminster lived, combined it with the Duke of Rutland's flat next door to create one of London's largest apartments (more than 8,000 sq ft), and sold it last year to Middle East businessman Wafic Said for about £9m despite the Grosvenor estate lease having only 20 years left, an annual ground rent of £5,000, and service charges of more than £30,000 a year.

All but six of the grand houses in Eaton Square have been converted into expensive flats. One of the houses, on the south side, was bought two years ago by composer Sir Andrew Lloyd Webber for £10.5m.

Elsewhere in Belgravia, houses in Chester Square or Wilton Crescent can command up to £4.5m – the price paid last year for one in Wilton Crescent that was reconstructed and given air-conditioning and a lift. A house three doors away is for

sale at £3.25m through W.A. Ellis (071-581-7654) and Cordis (071-351-6223). An unmodernised house offered for £2m through Aylesford (071-351-2383) has the extra advantage of having a mews cottage with a double garage at the back in Kinnerton Street.

In Cadogan Lane, where the Grosvenor estate meets the Cadogan estate, Wilson Mordant (071-235-0906) is seeking £4.5m for a new, six-bedroom property designed by Michael Brown Associates on the site of the house in which actress Judy Garland died. This re-interprets the classical style of Belgravia in a modern way and has an indoor swimming pool, a lift and an elaborate security system – but no garage. It is also freehold, rare in this area up to now.

Elsewhere on the Cadogan estate, £4.5m is being sought by Knight Frank & Rutley (071-824-6171) for one of the large houses in Cadogan Place; it has air-conditioning, a lift, a double garage, and a lease with 54 years left.

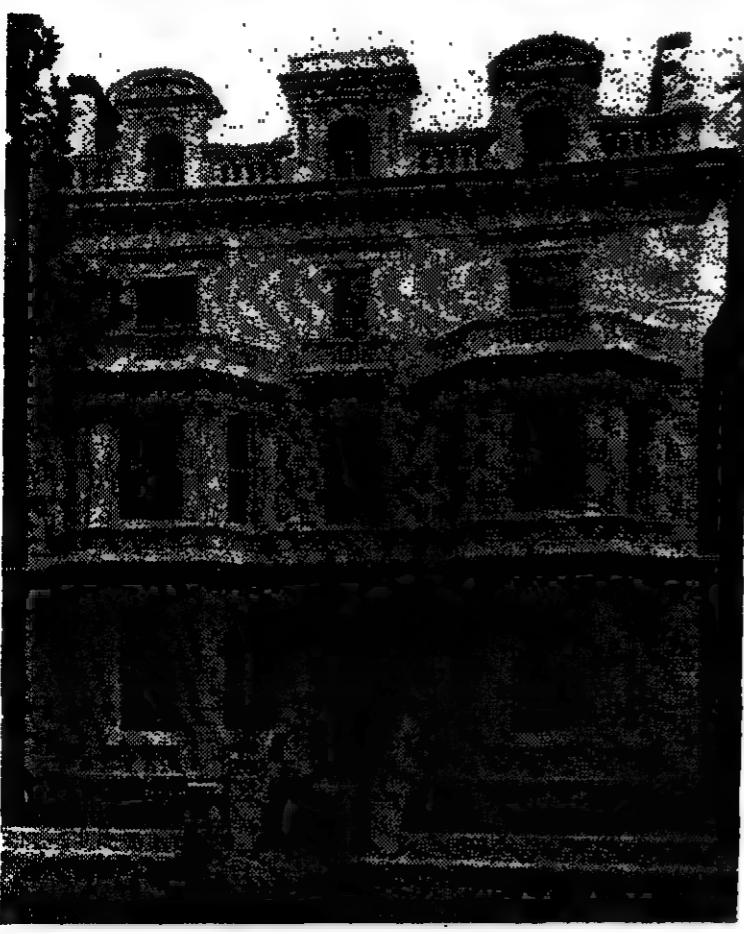
After Mayfair and Belgravia and Chelsea, the next prime address is Holland Park – the street, not the area – where the houses are freehold. Richard Branson owns two adjoining houses there and the Kensington office of Knight Frank & Rutley (071-824-4811) has two nearby houses for sale: one at £3.75m, the other £3.5m.

On the Phillimore estate in Campden Hill, W.A. Ellis has a leasehold house at £2.5m, John D. Wood & Co (071-727-0705) another one at £2.45m, and Lasemanns (071-824-3434) a third for £1.45m.

The redevelopment by Taylor Woodrow and Mitsui Kensetsu of the nine-acre site of St Mary Abbots hospital in Marloes Road, Kensington, is becoming recognised as one of the best addresses in London because of the quality of the new buildings, the ample parking and the high security.

Now called Kensington Green, there are flats with 999-year leases from £180,000 up to penthouses at £990,000, and freehold houses from £550,000 to £1.6m. Of the first phase of 114 properties, 60 have been sold and 23 let. There is a sales office on the site (071-338-3350).

Two years ago, Regalian Properties developed 20 luxury flats on Crown estate land at 3a Palace Green, opposite Kensington palace; but with prices from £2m to £13.5m, buyers were conspicuous by their absence. Since prices were halved recently, nine flats have been sold and the rest are for sale through Savills (071-482-8644) and Hamptons (071-351-8222) at figures from £1.05m to £5.75m. Regalian's chairman, David Goldstone, insists that 3a Palace Green is not just the finest address in London – but in the world.



Where tradition rules... a restored villa in Holland Park



Part of the Kensington Green development on the site of St Mary Abbots hospital

Belgravia is where property developer Elliott Bernard bought the

£10.5m flat where the Duke of

Eaton Square flat where the Duke of Westminster lived, combined it with the Duke of Rutland's flat next door to create one of London's largest apartments (more than 8,000 sq ft), and sold it last year to Middle East businessman Wafic Said for about £9m despite the Grosvenor estate lease having only 20 years left, an annual ground rent of £5,000, and service charges of more than £30,000 a year.

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PROPERTY PLUS

Echoes of the Raj in a colder climate

David Hoppitt on the ubiquitous British bungalow

SOME PEOPLE like them, others loathe them. Bungalows have been the butt of more jokes than parrots and vicars, but they are a big part of Britain's housing stock. The Halifax building society says that the bungalow remains the most popular home name in the UK, followed by The Cottage, Rose Cottage, The Lodge and Hillcrest. It is also top of the pops for new homes, followed by Orchard House, The Willows and Fairview. Dunroamin' is well down the list.

The bungalow was the Bengal peasant's tent-like hut; the British Raj copied the style and added such refinements as the verandas for greeting guests and taking tiffin. Back in Britain, many a colonel built a replica of his bungalow, facing north to avoid the heat of the mid-day sun - even in Scotland.

The very word "bungalow" raises a condescending smile in some company: in Wales, Dal Bungalow is a term for someone of low intelligence (because he does not have a lot upstairs). But a seaside or country bungalow in East Anglia remains the dream for many east Londoners.

Bennett Homes, of Lakenheath in

Suffolk, has cornered the market, having built more than 5,000 of them since 1947. Its chairman, Nigel Parker, is the modern equivalent of the Victorian builder R.A. Briggs, who became known as "Bungalow" Briggs; plans of those Victorian buildings show a sophisticated level of development with cavity walls, wall ties and damp-proofing.

Briggs tempted city dwellers to buy his buildings in the country "to escape the grime, bustle and hurry." He wrote of them: "A cottage is a little house in the country but a bungalow is a little country house, a homely place, with verandas and balconies, the plan so arranged as to ensure complete comfort with a feeling of rusticity." Even then though, the bungalow had its opponents: one writer believed they stood for "all that is vile and contemptible."

Briggs' designs came at a time of change in rural Britain. Town-dwellers with surplus capital often saw a bungalow as a pleasant investment. The little buildings gained notoriety among contemporary gossip writers, such as the (supposed) "goings-on" behind the French windows. Bungalow building boomed after the first world

war, peaking late in the 1920s, and they remain popular with many.

But, where land is scarce, builders often are reluctant to construct them: a bungalow really needs a fifth of an acre plot, whereas a two-storey house can make do with much less.

Land prices in parts of East Anglia allow Bennett the space. The firm has 14 basic designs, each adaptable to individual needs; and although they look similar from the street, they are bespoke homes within. Bennett, however, is no sleepy rural builder, tucked away in the Suffolk countryside. Its marketing strategy has won many awards for initiative, not least a "lend a hand" scheme that enables buyers, for just £35 a month, to move in immediately while their own bungalow is built. Potential customers have travelling costs reimbursed when they visit the firm.

With 8m people in Britain aged between 55 and 65, and more than 50 per cent of older people owning their home, other builders could do worse than crib some of Bennett's ideas. Its marketing is aimed at the active over-65s but its designs also catch the eye of younger buyers, even first-timers. Prices start at

£26,000. Its latest development is at Holt, close to the north Norfolk coast. This little town, not far from Cley (pronounced Cile) and only nine miles from Cromer, is an anachronism where it is possible to arrive by steam train and be met by horse-drawn carriage. And there are proper shops, with friendly staff always serving the customers.

Not that Bennett has a monopoly on bungalows. Anglia Secure Homes is a retirement specialist and sales director Ruth Rivers says,

"Many buyers want to retain a 'house' lifestyle without the problems of stairs and big gardens from £20,000; and others at Harrison Court, Hitchin, Hertfordshire, at £53,000.

Crest Homes, in the Midlands, says its semi-detached bungalows in mixed developments are proving especially popular at present and sales manager Maureen Haywood reports signs of greater movement in the housing market.

Bungalows in cul-de-sacs in the Whitchurch area are appealing to older people moving from homes that were too large for them and

which lacked modern amenities, she says. As with many builders, Crest is offering a part-exchange scheme, buying in the existing home. Prices of the bungalows start at £52,950.

So, the much-maligned bungalow is alive and well. Briggs was right, after all...

■ Further information: Bennett Homes, tel: 0842-880-765; Anglia Secure Homes, 0206-752-200; Crest Homes, 0227-60-228.

A design for living ... Bennett Homes' "Wellington" bungalow. The firm's latest development is at Holt, near the north Norfolk coast

The jewel next door to the West End

Once, Regent's Park had more peasants than crescents. Things have changed, reports Faith Glasgow

MANY WOULD count Regent's Park as the jewel in London's rich crown of parkland. But it is more than just space and greenery: the necklace of creamy, neo-classical terraces which edge it was designed by John Nash as an integral part of the whole. The area was mostly farmland leased from the Crown - more peasants than crescents - when the Prince Regent and Nash, his favourite architect, decided to develop it in 1811. The ambitious plan was for a "garden city" stretching all the way down Regent Street to St James's Park; but only the terraces and a handful of the 58 villas planned for Regent's Park had been built when it was opened to the public in 1838.

Today, property in and around the park, next door to the West End, is among the most sought-after in London: a modest two-bed flat will set you back £150,000. Knight Frank & Rutley has a three-bed-

room flat in Cumberland Terrace (which, unlike the other terraces, contains only apartments) for £400,000. At the other end of the scale this is where you will find the most expensive house ever sold in London. The Holme, which lies beside the boating lake and includes four acres of land and a nine-car garage, fetched £25m in spring 1991. This, however, was something of an exception. Neil Gilchrist, of estate agent Lassmanns (who handled the sale of The Holme), says since the end of 1990 the market has, by and large, been "completely dead." He explains: "Our biggest problem until recently has been the lack of overseas buyers because of

the weak dollar. As a consequence, prices have fallen at least 25 per cent. It has taken this long for them to come down to sensible levels because a lot of owners were just not prepared to drop their prices at first."

For some, though, the bleak scenario has involved more than a price drop. Lassmanns has on its books a Grade I-listed house in Hanover Terrace, on the west side of the park, which was repossessed from the previous owners. They paid £1.9m in 1988; it is now on offer at £1.35m complete with four double, en-suite bedrooms; numerous living rooms; a staff suite; sauna; 60ft garden, and a mews house.

Admittedly, it lacks niceties such as a kitchen; that was ripped out and sold before the eviction. Gilchrist estimates the new owner will have to spend £200,000 to restore the property. "This isn't the cachet of, say, Eaton Square [in Belgravian]," he says, "but then, it would cost about £4.5m there. This is really good value now." Meanwhile, Knight Frank & Rutley has a similar house next door (but with some fittings) for around £1.75m.

Unlike much of the property around the park, the 20 houses of Hanover Terrace have private gardens. But Chester Terrace, on the eastern side, has communal gardens and Gilchrist describes it as

"secure and popular." Lassmanns is selling numbers 34 and 41 at £1.35m and £1.1m respectively; for that, you are looking at recently refurbished five-bedroom houses with staff accommodation in the basement and great views.

Knight Frank & Rutley has one of Nash's few villas for sale. Nash House, which he is thought to have built for his own use, is a pretty Grade I property in Chester Terrace, for which the agent is asking £1.55m - £200,000 less than when it first came on the market in May 1992. But it is not necessary to move into the million-plus league for a house in Regent's Park. If you are prepared to sacrifice the view, you

could pay less than £1m for 5 Chester Terrace, just round the corner. And for smaller houses such as 8 Chester Place - which still contains five bedrooms and is also on Lassmanns' books - the asking price falls to a mere £900,000.

Although it was the prolific Nash whose work established Regent's Park as the cutting edge of architectural design in its day, he did not monopolise the area entirely. St Katherine's Precinct by the Danish Church, which was built as an ancient charitable foundation, was designed by Ambrose Poynter, a student of Nash but no fan of his (indeed he hated each other). The precinct's collegiate Gothic style

cocks a haughty snook at Nash's classical facades, pillars and statues. One six-bedroomed house there, modernised fully and with a 60 ft garden, has come onto Savills' books recently at £1.275m. Another, with Lassmanns, needs around £250,000 spent on it but compensates with an asking price of £450,000.

In a late '80s neo-classical extravaganza, Quinlan Terry designed three showpiece villas. The Ionic Villa sold in a couple of months two years ago, but number two, the Veneto Villa, has been on the market for well over a year at £3.75m, complete with every conceivable mod con and Palladian flourish. Poynter would turn in his grave.

■ Further information from: Lassmanns, 35-37 Davies St, London W1, tel: 071-699 3432; Knight Frank & Rutley, 20 Hanover Square, London W1, 071-699 8171; Savills, 7 Perrins Court, Hampstead, London NW3, 071-431 4944.

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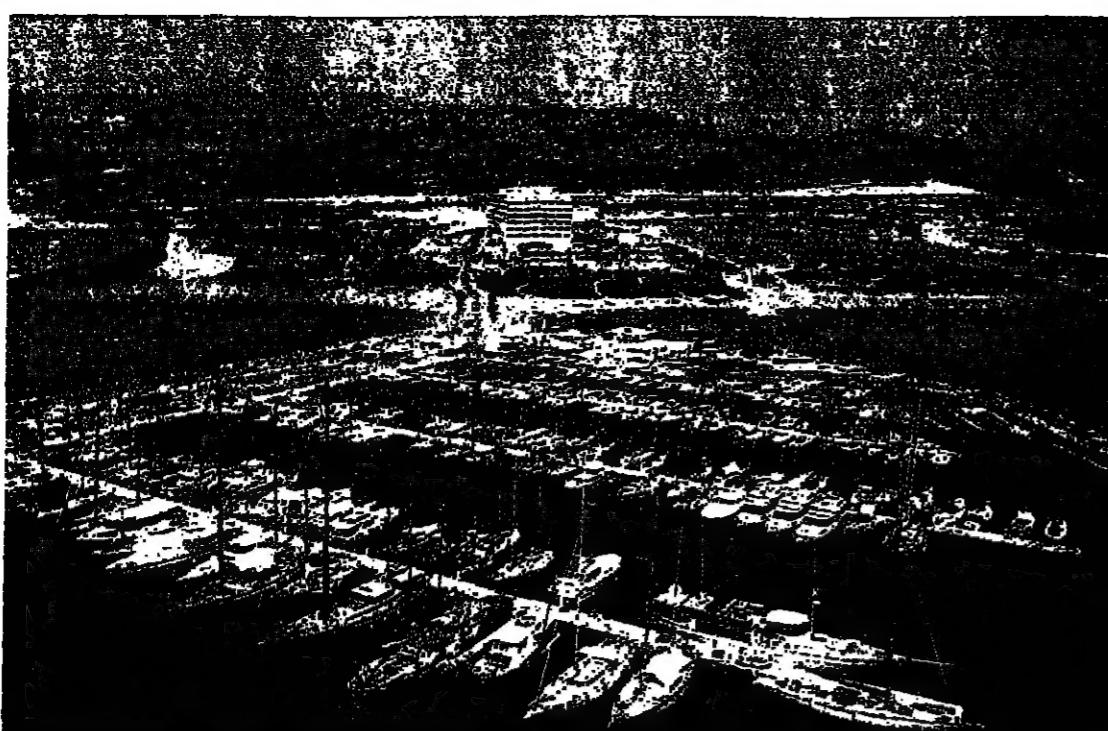
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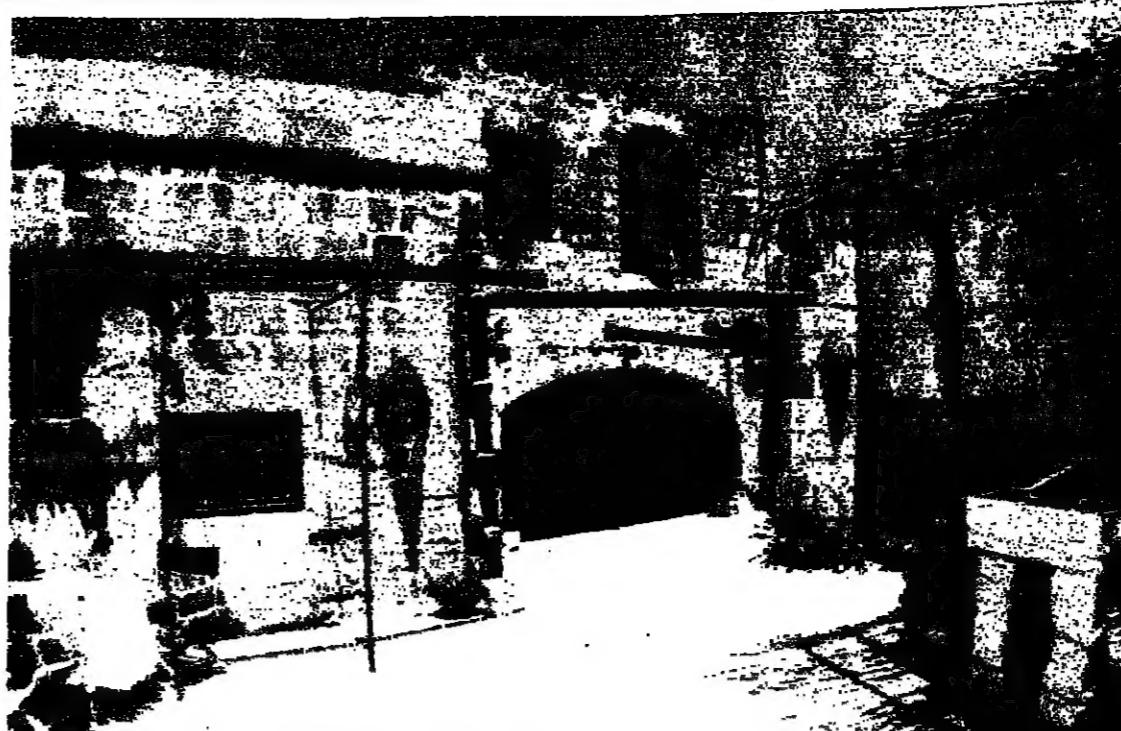
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Island sun traps with a tax carrot

Audrey Powell considers the similarities - and differences - between Malta and Cyprus

MALTA OR Cyprus? How does one make a comparison between the two islands as the location for holiday or retirement homes?

Both are in the Mediterranean and are sun traps, and each has a golf course. Beyond that, at first Malta 17 miles long and flat, and Cyprus stretching 150 miles and mountainous, might seem to have little in common. Yet both were once under British rule and popular with retired British service families.

Both had periods when they lost their attraction during the Minot regime in Malta and the Turkish invasion of Cyprus.

Now they are back in favour, with a different government in Malta and years of peace in Cyprus (United Nations-sponsored talks between the separate sectors of the island are being resumed). Both Malta and Cyprus offer beneficial tax arrangements and a lower cost of living than Britain.

English is understood on both islands although too much reliance should not be placed on this. The Briton who asked a Maltese builder to paint a wall came back to find it demolished, through a misunderstanding.

On both islands foreign buyers may purchase only one property. In

Cyprus they may not let (though many do). In Malta they may only let if the property has a pool.

On both islands flat roofs have been the style in the past, though changes are creeping in. In Malta the properties, of mellow limestone blocks, look Biblical - if you ignore the television aerials. In Cyprus the flat roofs tend to look unfinished, as they may have been, awaiting a further storey for a daughter's dowry. Now daughters work and do not need dowries, and solar water-heating apparatus sits on the roof.

In Malta a foreign buyer cannot purchase a property costing less than about £26,250 (£31,000 with stamp duty and legal fees), to leave the lower-priced homes for locals.

But there is plenty of choice above that.

Generally, the property market retains its upward trend, says Eric Mason, of the Malta & Gozo Property Group. Over the past 12 months houses with gardens have shown a sharp increase - averaging 30 per cent for detached villas or farmhouses. With flats in holiday areas, where supply exceeds demand, value has only increased by up to 5 per cent. Yet apartments in popular residential areas, such as Sliema and St Julian's, have shown increases of up to 20 per cent.

In the first nine months of last

year sales to foreigners dropped 20 per cent, mainly due to the absence of the British. Some buyers are going ahead with purchases, using an 8 per cent, five-year, interest-only Maltese mortgage facility.

An EC-funded structure plan for the Maltese Islands has been drawn up by British planning consultants Colin Buchanan & Partners, in conjunction with Generale Progetti, of Rome, and is being implemented. This will limit new development which could increase prices of larger houses. Over the past 20 years property prices in Malta have

increased by an average of 13.5 per cent a year, says Mason. He thinks this could continue.

Prices go up to £225,000 but the most popular price for foreign buyers is the £50,000 to £150,000 band. That could buy a converted farmhouse with valley views. Prices of farmhouses, with their interior arches, courtyards and often stone steps at the side of the building, depend on condition. One with two bedrooms - and the possibility of three more - a garage and garden is £22,000 including stamp duty and legal fees. There is plenty of new property. This may be offered in

shell form, to be completed as a buyer likes, as in the case of Park Towers in St Julian's where there are nearly 60 flats and penthouses with two to five bedrooms, verandahs and garages. A three-bedroom flat is £92,500; a penthouse, £166,250. All have sea views. Some flats, new or resales, are sold furnished.

Property lists and copies of a new guide, *Moving to Malta*, published by the finance ministry, are available from the Malta & Gozo Property Group's office at Ashford, Kent (Tel: 0233-720216).

In the Greek sector of Cyprus few older properties come on the market. Families tend not to sell the appealing houses, with their verandahs wreathed in vines, in the mountain villages. So the selection is mostly among the many new developments in coastal towns like Paphos and Limassol. There are also some projects in the hills inland. The D Zavos Group (0708-450784), with about eight developments on the island, has a price range of from £35,000 for compact bungalows to £50,000 for specially designed villas.

Cybarco (071-436-3881), with its own clutch of schemes, has marina beach apartments back from the water in what is becoming a hotel part of Limassol. There will be 100

apartments, with the first blocks finished next month. Prices from £40,000.

A Cyprus reader gives a warning to the potential buyer who might be swayed by the friendliness of the people and the choice of property and decide on a spur-of-the-moment purchase. Procedures are not hurried in Cyprus and it can take 18 months for permission to transfer a property from seller to buyer. The authorities receive many applications and like to check papers thoroughly and ensure that the "right sort of people" will be coming to live in their sector of the island. Thus, there is a period of limbo during which, in the absence of proper legal assistance to safeguard a buyer, it is possible for problems to occur.

When a developer or seller offers the services of their advocate to handle both sides of the transaction to save enormous costs, a number of buyers accept an offer which cannot be loaded in their favour.

A buyer should always appoint his own advocate, negotiating the fee before appointment. A list of advocates is available from the British High Commission in Nicosia. For British people planning a purchase, a visit to the Citizens' Club in Nicosia, Larnaca, Paphos or Limassol is recommended.

A quiet French corner

PROVENCE, it seems, is passé. The Dordogne has been done to death. Where next for the discerning British francophile trying to beat the crowds to a little corner of real rural France?

Well, one could do worse than Languedoc-Tarn - the hinterland of Toulouse, in the south west. Barry Fryer has gone to the extent of buying a small dilapidated château standing in 55 acres of parkland half an hour's drive from the city. It used to belong to the English secretary of Charles de Gaulle, the French president, during the last

war.

Fryer is an architect/developer, and Château Séran is an ambitious project. He is restoring and converting the château's outbuildings into individual apartments and houses for sale, keeping the main building and grounds as a select country club.

It is his third such development in the area having completed and sold all 24 houses in his previous two projects.

Outbuildings have been converted into a selection of cottages and houses for sale, some with their own private gardens, some without. The first have been completed. There will be 20 in all, priced from £65,000 to £95,000 - and they will include mod cons like central heating and washing machines.

Fryer's preoccupation is with quality artisan workmanship, in keeping with the character of the buildings themselves: he stresses preservation and restoration, opting for plain whitewashed walls, tiled or striped floors, and hardwood fittings.

An annual maintenance charge of £1,000 covers services including security and maintenance checks and full use of club facilities including tennis courts, a pool, riding stables (the château is surrounded by 50km of bridleways), a restaurant, billiard room and business facilities.

It is planned to open the country club to a limited non-resident local membership as well.

Full details are available from Fryer at Château Séran, 81500 Massiac, Lavaur, France. Tel 63 58 30 08, fax 63 58 22 37.

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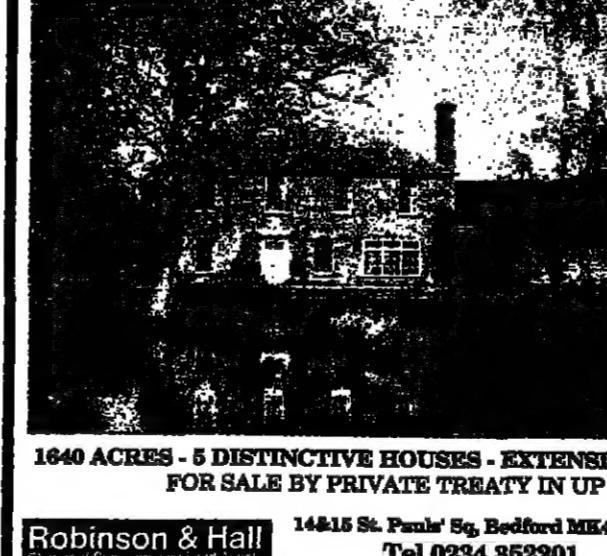
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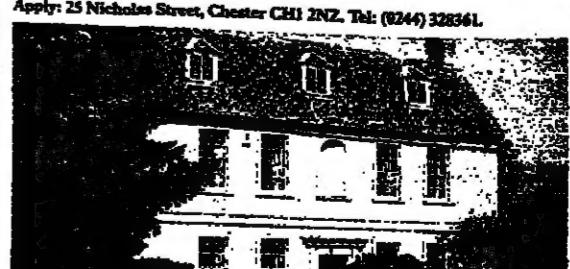
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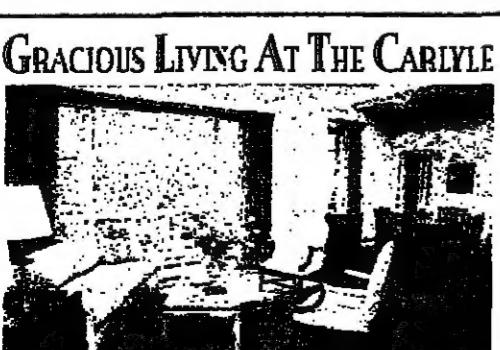


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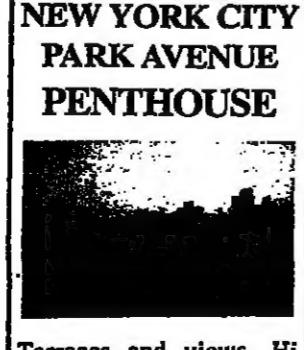
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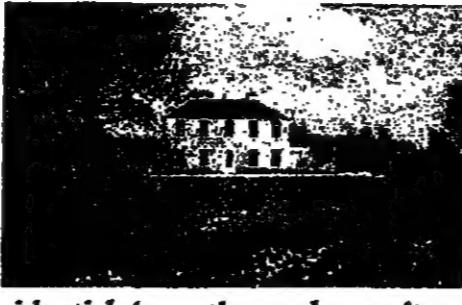
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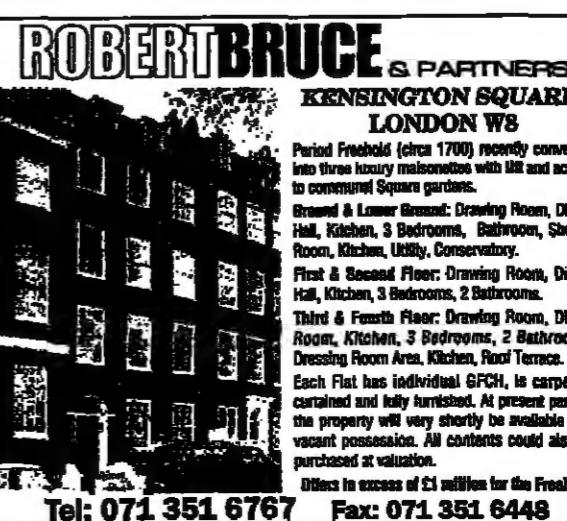
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